

The Oslo Promises Fail / Support for Hamas Inches Higher

For Gaza, Peace Just Means More Poverty

By Lee Hockstader
Washington Post Service

GAZA — In the Jabalya refugee camp, a slice of real estate twice as crowded as Manhattan and scarred with rancid fields of garbage, Hussein Radwan counts as one of the lucky ones: He has a job.

Granted, the work is not much. Mr. Radwan spends six days a week bent over a sewing machine in a sweatshop whose single concession to comfort is an overhead fan that stirs the thick summer air. For a 12-hour day stitching together denim skirts, he makes \$3.40 — just 45 cents an hour.

But with well over a third of Gazans looking for work, Mr. Radwan knows better than to complain.

"In this job I can learn new skills," the 17-year-old Palestinian said. "Things could be worse."

For many Palestinians, they are. And that has come as a bitter shock to people here who were certain that the 1993 Oslo accord with Israel would deliver at least a measure of prosperity along with its promise of peace.

Instead, most Palestinians have got poorer since the peace agreement was signed five years ago. Incomes, buying power and private investment have plunged while the numbers of families living in poverty have swelled.

That is particularly true in Gaza, a 140-square-mile strip of sand, sun-scorched apartment blocks and squalid refugee camps stretched along the Mediterranean Sea.

It was the Jabalya refugee camp that gave birth to the *intifada*, the 1987-93 uprising against the Israeli occupation. But residents say the mood today in Jabalya, if anything, is meaner and more sullen than in the adrenaline-charged days of the *intifada*, when a generation of teenagers came of age in daily battle with the Israelis.

NOW, the Israeli soldiers have withdrawn from most of Gaza, leaving rising poverty, crowding and bitterness in their wake. "The economic situation in Gaza has deteriorated dramatically in the years of peace, which is a very strange phenomenon," said Khaled Abdel Shafi, a Palestinian economist who sits on the Gaza city council.

"At first there was a lot of talk of Gaza becoming the Singapore of the Middle East. That is why, to a great extent, people supported the peace agreement, which in many ways is a bad deal for the Palestinians. They hoped at least the economic situation would improve."

The fear is that Palestinians will give up on the fraying Middle East peace process as their hopes for prosperity fade. Already, support is inching higher for Sheikh Ahmed Yassin, founder and spiritual leader of the militant Islamic group Hamas, according to polling data.



Youngsters in a crowded Gaza refugee camp: A crisis measured not just in terms of declining income but also of declining hope.'

If peace means impoverishment, some Palestinians say, why should they support it?

The question is all the more apt given the benefits the Oslo accord has brought to Israel.

Although the Israeli economy has lately hit a rocky patch, with joblessness creeping toward 10 percent, it boomed in the mid-1990s. Most Israelis are better off now than they were when Prime Minister Yitzhak Rabin and Yasser Arafat shook hands at the White House five years ago. The same cannot be said for Palestinians, however, especially in Gaza.

"The Palestinian economy is in crisis — a crisis measured not just in terms of declining income but also of declining hope," Stuart Eizenstat, a U.S. undersecretary of state, told an Israeli audience in June. "We are at risk of diminishing the constituency for peace, not only among the public at large but increasingly among Palestinian business people."

To understand one of the reasons why the Palestinian economy has nose-dived, it is helpful to pay a pre-dawn visit to the Erez Crossing, one of the few transit points between Israel and the Gaza Strip.

At 5 A.M., a half-moon still hangs in the purplish sky, but the rush for the exits has already been on for an hour. Swarms of men — few women make the crossing — walk briskly to the Israeli security checkpoints, smoking their first cigarettes of the day.

About 50,000 Palestinian workers, half of them from Gaza, cross into Israel proper every day to work in fields, factories, homes and gardens. By Palestinian standards, their wages are good — two or three times more than they could earn for a day's work in Gaza.

Yet the number of Palestinians authorized to work in Israel is down by half from a decade ago. From Gaza, it has fallen by two-thirds.

Beginning with the *intifada*, Israel slashed the number of Palestinian workers it admitted each day. While the government has gradually eased up in the last two years by handing out more work permits, this has not made up for the lost earnings.

In addition, sporadic Israeli closures of Gaza and the West Bank in response to Palestinian terror attacks prompted Jewish-owned businesses to seek a more reliable supply of labor. That led the previous government of Israel to admit a huge influx of foreign workers.

The result: dwindling demand for Palestinian workers and less cash coming into Gaza's economy, where incomes are already half those of the West Bank — and a tenth those in Israel.

"Savings are gradually being exhausted," said Mr. Abdel Shafi, the city council member.

"People are selling their valuables."

Assistance from abroad compensates somewhat for a drop in private savings, he said, "but it won't go on forever."

Palestinian and foreign analysts also have blamed Israeli policies for the isolation of Gaza residents from their natural economic partners, the 1.7 million Palestinians in the West Bank. Some 16,000 Palestinian businessmen — from Gaza and the West Bank — have permits to enter Israel every day, but only 800 are allowed to travel freely between Gaza and the West Bank.

The Oslo accords offered a blueprint for what amounted to a free-trade zone between Israel and the West Bank and Gaza. But what has evolved in practice is very different. Israel does not charge duty on products from Gaza or the West Bank, but its stringent security checks result in delays, higher transport costs and uncompetitive goods.

"I've seen them X-ray ice cream in the summer, taking it out of the truck box by box," said Saleem Ajluni, an American economist working for the UN. "I've seen eggs scanned by metal detectors."

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TRAVEL UPDATE

Paris Opens Doors to Public

PARIS (AFP) — Some 12,000 public sites representing the architectural and cultural legacy of France will be open to the public free of charge Saturday and Sunday as part of a yearly event.

During the "Journées du Patrimoine," which attracted 10 million visitors last year, the presidential palace — along with other official buildings, castles and artisan workshops — will be open to the public.

A full list of the sites is available on the Internet, at www.culture.fr.

Volcanic activity intensified at Mount Etna early Tuesday as a 100-meter (300-foot) plume of black ash and lava spewed from its crater. Gas emissions and strong tremors accompanied the lava spurts from the volcano crater, 3,200 meters above sea level near the town of Catania. (AFP)

The first high-speed rail line in the former East Germany was opened Tuesday between Berlin and Hannover, cutting travel time by nearly half to one hour and 47 minutes. Regular service will start Sept. 27. German Chancellor Helmut Kohl said the line would be part of a future high-speed rail network linking London and Moscow via Paris and Berlin. (AP)

Cathay Pacific Airways Ltd. plans to cut service to Indonesia to 19 weekly flights from 24 weekly flights in its winter schedule, effective Oct. 25. The Hong Kong-based carrier said it would also increase the number of flights to North America, Europe and Australia. (Reuters)

Air Canada will resume its services out of Asia Thursday, following a 13-day strike by its pilots, the carrier said Tuesday. On Wednesday the airline will resume service out of Hong Kong and Osaka, and on Thursday it will resume flights out of Seoul. (Reuters)

Real IRA, made up of former members of the Irish Republican Army unhappy with the group's cease-fire, viewed the April peace settlement as a sellout of republican ideals and set out to undermine it with violence.

Police officials have identified its military head as Michael McKevitt, 49.

IRA Refuge in Ireland Says a Loud 'No More'

By Warren Hoge
New York Times Service

DUNDALK, Ireland — This town 13 miles from the border with Northern Ireland once harbored so many Irish Republican Army safe houses, underground weapons networks and gunners that the police called it "El Paso."

"People here were very resentful of that name," said Kevin Mulligan, 55, editor of the weekly Argus newspaper, referring to the Wild West connotations. "But with time they came to realize it wasn't too far off the mark."

Out of a mixture of lingering sympathy for the plight of Catholics in the North and fear of reprisals from vengeful local IRA men, residents of Dundalk kept any misgivings to themselves.

When the town of Omagh was bombed on Aug. 15, killing 29 people in the most deadly single attack of Northern Ireland's three decades of violence, the police suspected guerrillas based here, and the residents of Dundalk found themselves once again stigmatized. This time they spoke up.

"What we're saying, and saying very strongly, is that there is no hiding place for terrorists in this town," said John Woods, 57, a Dundalk lawyer who with Mr. Mulligan and four businessmen organized a protest rally in the courthouse square. By police count, 15,000 people, half the town's population, showed up.

The most overused symbol in the stubbornly confrontational politics of Northern Ireland is the line in the sand, but here in Dundalk, the one-time refuge of the men of violence, one may really have been drawn.

"We are saying that this is not a part of us, people who do these things do not represent our community," said Brian O'Neill, 55, owner of a century-old family business, R. Q. O'Neill hardware and gifts.

Dundalk's defiant rejection of its association with bloodshed is being cited as an emblem of what is happening throughout the Irish island. "I'd be an optimistic sort of person to begin with," Mr. Woods said, "but Ireland is now united as never before."

Optimism is a sudden newcomer to the North, but it's getting a warm welcome. People are daring to put their frequently battered faith in a political solution to the conflict, and there are convincing signs of cooperation in Belfast between leaders of the warring Catholic and Protestant communities that have battled and shunned each other for generations.

Dundalk is a bustling provincial town with storefronts in lively colors and corner pubs that ring with the hearty sounds of banter.

Once a center for brewing, shoe manufacturing and the building of railway rolling stock, Dundalk has shared in Ireland's new prosperity with multinational firms like Xerox and Panasonic setting factories here.

Dundalk was brutally reminded of its old role in the Northern Ireland struggle when responsibility for the Omagh bombing was claimed by renegade republican paramilitaries called the Real IRA organized out of here.

"Here we go again," Mr. O'Neill remembers thinking along with his shock and revulsion. "Everyone's going to blame Dundalk."

The Real IRA, made up of former members of the Irish Republican Army unhappy with the group's cease-fire, viewed the April peace settlement as a sellout of republican ideals and set out to undermine it with violence.

Police officials have identified its military head as Michael McKevitt, 49.

a Dundalk man who once was the quartermaster general in charge of the IRA's vast arsenal of weapons. The deputy chairman of the group's political arm, the 32-Country Sovereignty Committee, is his common-law wife, Bernadette Sands-McKevitt, 40, the sister of Bobby Sands, a republican who died in a prison hunger strike in Belfast that drew international attention.

The McKevitts live in Blackrock, five kilometers (three miles) out of town on Dundalk Bay, and they run The Print Junction, a photocopying, picture framing and souvenir shop in the Long Walk shopping arcade downtown. In the days following the bombing, people tacked protest notes onto the store door and stood in vigil outside its entrance.

The McKevitts complained that they were being harassed by neighbors and that they feared for the safety of their three children. They have not been spotted here for the last three weeks and the store is shuttered, with piles of opened letters scattered on the floor inside.

Dundalk became involved in the conflict across the border when thousands of Catholics fled here from Belfast in the 1970s to escape Protestant fire-bombings and shootings. "We were strongly sympathetic, they came down in trams and we literally opened our homes to them," recalled Mr. Mulligan.

Many of the refugees settled in the Muirhevna Mor housing project, which is still known as Little Belfast.

"But then later the IRA started to use Dundalk as a base and they spread the violence to the south and over the past 15 years turned to gangsterism and racketeering," Mr. Mulligan complained.

Eamon Collins, a former IRA gunman and author of "Killing Rage," a book detailing his disillusionment with the clandestine organization, said that Dundalk was central to the campaign of violence in the North.

"It was a route for moving a lot of weaponry and it was where lots of people could rest up when they were on the run," he said in a phone interview.

The mourners for the dead of Omagh who marched in protest through the streets of Dundalk filled three condolece books in the lobby of the columned 19th-century town hall building.

Many of the messages spoke to the special sense of sorrow and responsibility felt here.

"I am ashamed to be living in Dundalk," wrote James Miller. "I do not want a 32-county Ireland. I want a peaceful one for my children to grow up in."

Editor's Note

An article in The New York Times on May 13, and published in the International Herald Tribune on May 15, about Marco Pierre White, a British chef and restaurateur, described his climb to success. It said that in the past he had "a well-publicized bout with drugs and alcohol."

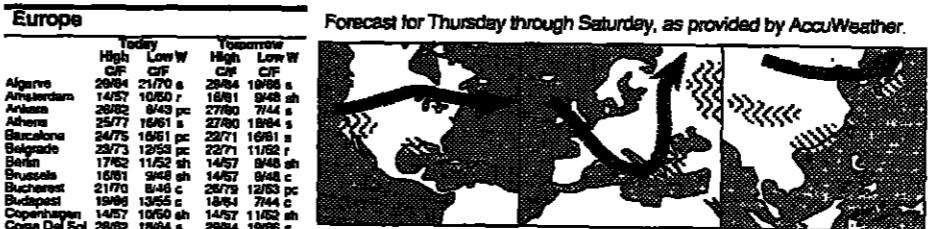
The statement was based largely on an ambiguous passage in Mr. White's autobiographical cookbook, "White Heat." But no such allegation has been "well publicized," and in fairness Mr. White should have been asked to comment on the statement.

He has since said that there is no truth in the statement.

In the absence of any confirmation, the statement should not have appeared.

WEATHER

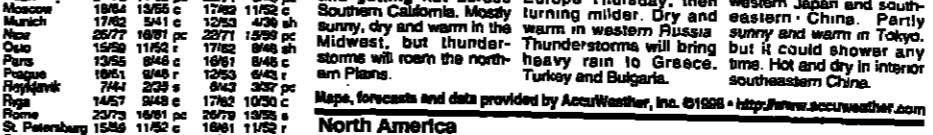
Forecast for Thursday through Saturday, as provided by AccuWeather.



Region	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Europe	Today	High	Low	Wind	Tomorrow	High	Low	Wind
North America	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Asia	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Africa	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Latin America	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Oceania	Today	High	Low	Wind	Tomorrow	High	Low	Wind



Region	Today	High	Low	Wind	Tomorrow	High	Low	Wind
North America	Today	High	Low	Wind	Tomorrow	High	Low	Wind
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Africa	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Latin America	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Oceania	Today	High	Low	Wind	Tomorrow	High	Low	Wind



Region	Today	High	Low	Wind	Tomorrow	High	Low	Wind

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THE AMERICAS

Stop 'Hairsplitting,' Democrats Say**Daschle and Gephardt Call for 'Straight Talk' on Clinton Problems**By Dan Balz and
Peter Baker
Washington Post Service

WASHINGTON — The Senate minority leader, Tom Daschle, and Dick Gephardt, the House minority leader, have criticized the White House legal defense strategy, calling on President Bill Clinton and his advisers to abandon what Mr. Daschle called "hairsplitting" about his testimony denying a sexual relationship with Monica Lewinsky.

The blunt message Monday from the top two Democrats in Congress added considerable weight to a message that other lawmakers of both parties have been sending the White House since the release Friday of the report from the independent counsel, Kenneth Starr.

Mr. Gephardt, Democrat of Missouri, and Mr. Daschle, Democrat of South Dakota, were reacting to what one Democrat called a "disastrous" performance by the president's legal advisers over the weekend. In a series of appearances on talk shows, Mr. Clinton's lawyers attacked Mr. Starr's report and asserted that Mr. Clinton's sworn denial of a sexual relationship with Ms. Lewinsky, while misleading, did not constitute perjury.

Mr. Daschle, who appeared with the president at a party fund-raiser in New York on Monday night shortly before his statement was released, said he agreed with people

"who have grown impatient with hairsplitting over legal technicalities."

He added, "The president and his advisers must accept that continued legal jousting serves no constructive purpose. It simply stands in the way of what we need to do: move forward and let common sense guide us in doing what is best for the country."

Mr. Gephardt's statement made a similar point: "The considered judgment of the American people is not going to rise or fall on the fine distinctions of a legal argument but on straight talk and the truth. It is time for the president and Congress to follow that common sense for the good of the country."

Both Democrats said Congress should move as quickly as possible to determine what, if any punishment, Mr. Clinton should receive. Mr. Daschle said Congress should return after the November elections, if necessary, to resolve the matter.

The second-guessing over the appearances by David Kendall, the president's personal lawyer; the White House counsel Charles Ruff, and other members of the White House legal team was also going on inside the White House. There, officials sought to shift attention away from Mr. Clinton's contention that he was "legally accurate" if misleading in his Jan. 17 deposition in the Paula Jones case and back to the president's admissions of wrongdoing.

Mr. Daschle, who appeared with the president at a party fund-raiser in New York on Monday night shortly before his statement was released, said he agreed with people

"We're not in an attack mode," said one White House adviser. "We're in a forgiving mode."

But another senior official expressed exasperation with critics of the White House strategy. "What they want us to do is help make it go away, but I'm not sure the course they're recommending is going to make it go away as quickly as they like."

Those comments reflected the dilemma Mr. Clinton now faces. As long as he is in legal jeopardy, either from Congress or the independent counsel, his lawyers will resist any acknowledgment that he lied under oath. But that very defense may hinder efforts to find a compromise short of impeachment, particularly before the November midterm elections.

White House officials are particularly worried about further erosion in Mr. Clinton's political standing, particularly with lawmakers in tough campaigns this fall. Several Democrats said the list includes Senators Party Murray of Washington, Ernest Hollings of South Carolina, Harry Reid of Nevada and Barbara Boxer of California.

The plight of these politicians highlights the Democratic Party's awkward bind. With less than two months before Election Day, Democrats are being warned not to embrace the Clinton defense offered up by his lawyers, but they also understand that they could hurt themselves and the

party by abandoning the president.

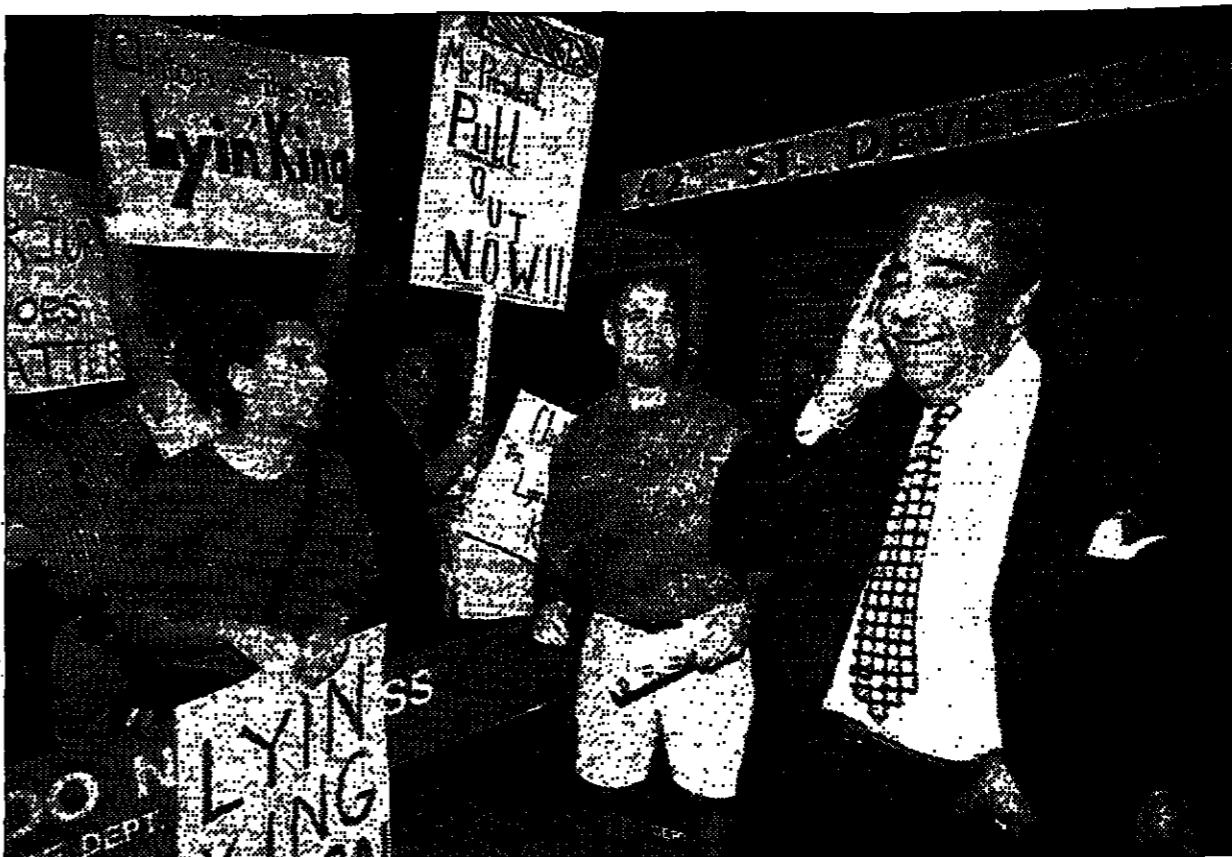
On a day in which he helped raise \$4 million for the party, Mr. Clinton sought to reassure Democrats. "Go talk big, go tell people not to be complacent," he told 400 supporters at a fund-raising dinner in New York last night. "Tell them not to worry about the adversity — adversity makes people come out and show up — witness your presence here tonight."

Meanwhile, Representative Henry Hyde, Republican of Illinois and the Judiciary Committee chairman, predicted that as part of any impeachment inquiry the committee might probe other allegations that Mr. Starr has been investigating, including Whitewater and the improper acquisition by the White House of FBI files on hundreds of Republicans.

"It appears there could be more to come, and we would consider ourselves duty-bound to consider whatever he sends us," Mr. Hyde said, adding that the panel could investigate these allegations of wrongdoing on its own as well.

But Representative Barney Frank, Democrat of Massachusetts, a committee member, called that approach "ridiculous," adding, "These are the Clinton-haters who have the sense that there's not enough here."

A vote on that question, however, will not come before the Judiciary Committee concludes a preliminary re-



Representative Charles Rangel, Democrat of New York, reacting to protesters' calls outside a Broadway show, "The Lion King," where Bill Clinton was in attendance. Signs call the president the "lyin' king."

view of the still-secret materials sent to Congress last week with Mr. Starr's report.

Mr. Hyde also served notice to the White House and other allies of the president that he would not tolerate efforts to undermine members of the committee by circulating damaging or derogatory material about their personal lives.

"Efforts to intimidate members of Congress or interfere with the discharge of their official duties in relation to the impeachment matter could constitute a violation of federal criminal law," Mr. Hyde said in a letter to committee members.

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POLITICAL NOTES

Media Puzzled as Public Isn't Enraged by Scandal

WASHINGTON — For months now, many media commentators have been saying, in private and on television chat shows, that the public would come to share their outrage about President Bill Clinton soon enough. Once ordinary citizens learned the seamy details of Mr. Clinton's conduct, once the independent counsel's findings became public, the president's poll ratings would surely plummet.

Yet almost a week after the release of Kenneth Starr's sexually explicit report, there has been no such public explosion. Sizable majorities still tell pollsters they approve of the president's job performance and oppose impeachment or resignation.

The contrast with the media's collective sense of betrayal has never been starker. USA Today has joined other major newspapers in urging Mr. Clinton to resign over the Monica Lewinsky matter. USA Today's defection is a particular setback for the White House, which has long regarded the Gannett paper as more of a bellwether and less scandal-obsessed than its national rivals.

The weekend talk shows were filled with edgier questions and harsh commentary, as were the newsmagazines that came out this week.

This leaves many journalists, who gauge public opinion for a living, puzzled that so many people can give Mr. Clinton such low marks for honesty and integrity and yet approve of his performance as president.

The greatest surprise in this whole story is the ongoing gap between the elites — who now almost uniformly despise Clinton — and the people, who have stuck with him so far," writes the columnist Jonathan Alter in Newsweek.

The relentless, full-speed-ahead coverage has also produced a backlash against the media. Indeed, some readers and viewers have suggested that perhaps journalists' sex lives

should be scrutinized with equal fervor. A Texas columnist, Molly Ivins, writing in Time, scolded the press: "You shoved his sex life in our faces last January, and rubbed our noses in it for eight months more, so by now we're more disgusted with you than with Bill Clinton."

(WP)

Clinton Enlists Preachers

NEW YORK — President Clinton has chosen two or perhaps three ministers to serve as a team of personal spiritual advisers that will meet and pray with him weekly and help resist what one of the ministers calls "the temptations that have conquered" the president in the past.

Mr. Clinton phoned the ministers and asked them for their help late Sept. 7, as he and the nation were preparing for the report that Mr. Starr delivered to Congress two days later concerning the president's relationship with Monica Lewinsky.

The ministers, the White House has confirmed, include two formidable evangelical preachers: the Reverend Tony Campolo, an outspoken liberal Baptist from Pennsylvania known for his ministry to urban youth and for books advocating Christian acceptance of homosexuality, and the Reverend Gordon MacDonald, senior pastor of a Massachusetts nondenominational Christian church.

Since admitting a month ago that he had had an inappropriate relationship with Ms. Lewinsky, the president has been struggling to persuade the American people that he seriously regrets it and is taking steps to repent and reform.

Both Mr. Campolo and Mr. MacDonald were defensive about the possible appearance that Mr. Clinton had selected them as part of political damage control.

"We would rather be men of faith who believe that God is working in the life of the president," Mr. Campolo said. "than to join that army of cynics, many of whom are religious leaders, who cannot accept a plea for forgiveness at face value."

(NYT)

Farm Aid a Step Closer

The Associated Press

WASHINGTON — The House indicated Tuesday its willingness to help farmers weather an economic crunch, voting to exempt farm aid from federal spending limits. While the Senate rejected a \$7 billion aid package Monday, Republicans say they are working on a cheaper plan.

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ANTIQUITIES
28 SEPTEMBER 1998 AT 7 P.M.
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ASIA/PACIFIC

North Korean Rocket Deemed More Powerful

But Solid-Fuel Stage Failed Mission, U.S. Says

By Steven Lee Myers
New York Times Service

WASHINGTON — The United States now maintains that North Korea tried, but failed, to launch a multi-stage satellite into orbit when it fired a multistage rocket in an arc over Japan two weeks ago, according to administration and defense officials.

But the rocket was significantly more powerful than U.S. defense and intelligence officials first reported. The officials now say that the rocket had three stages, not two, and that the final stage used solid fuel, a significant technological leap for the North Korean missile program.

The third stage of the rocket, which

carried a small satellite, broke up somewhere over the Pacific Ocean before reaching orbit, said the officials.

The failure of the satellite indicated that North Korea has not yet mastered solid-fuel technology, but the officials said the effort alone suggested that Pyongyang's program might be more ambitious and advanced than was widely believed. A government official said Monday that if North Korea perfected a third stage in future tests, its missiles would have a range of about 3,500 miles (5,600 kilometers), enough to reach parts of Alaska.

The United States has strongly condemned the North Korean rocket launch Aug. 31, saying it had needlessly stoked tensions in the region. But in the subsequent two weeks, the administration has had to retreat from its initial assessment of the firing, which intelligence agencies monitored closely and declared to be a test of a two-stage rocket called the Taepo-Dong I.

North Korea has claimed it successfully placed a satellite into an oval orbit around Earth for peaceful scientific purposes, including the broadcast of "immortal revolutionary hymns" in honor of its paramount ruler, Kim Jong Il, and his father, Kim Il Sung, who died in 1994. The launch came only days before North Korea celebrated its 50th anniversary and consolidated Kim Jong Il's power as chairman of the National Defense Commission.

Arnold Baramuli, a presidential adviser, quoted Mr. Habibie as saying investigators would meet Mr. Suharto within "one or two days."

Mr. Habibie ordered an official inquiry into corruption under the previous regime soon after he replaced Mr. Suharto in May. But critics say Mr. Habibie — a longtime friend and subordinate of Mr. Suharto's — has not done enough.

In a recent and rare television appearance, Mr. Suharto, 77, denied allegations that he had amassed billions of dollars through corrupt business dealings during his 32 years in power.

The claim has been greeted with disbelief in the local media and by many Indonesians, struggling to make ends meet during the country's worst economic crisis in 30 years.

Mr. Suharto stepped down amid a wave of riots and protests in May.

In a new rash of demonstrations this month, thousands of students have demanded that Mr. Suharto be put on trial. Mr. Suharto's children, who built business empires under their father's patronage, have also denied any wrongdoing.

Development Planning Minister Hartarto said Tuesday that people who expose corruption would be protected by the government. He said many had not come forward with evidence for fear of reprisals. Private businesses also have stayed silent for fear they would lose government contracts.



At Last, a Respite in Phnom Penh

Two Cambodian policemen relaxing Tuesday as no clashes were reported in the capital. The calm follows an accord between the ruling party and two opposition parties that calls for an end to protests and for Parliament to convene on Sept. 24.

Concluding Trip to China, UN Rights Aide Is Upbeat

By Elisabeth Rosenthal
New York Times Service

BEIJING — At the end of what she called "a successful but not always easy" first visit to China, Mary Robinson, UN human rights commissioner, said Tuesday that despite continuing human rights abuses, she had sensed among Chinese leaders a new willingness to discuss the country's human rights record.

Mrs. Robinson said she had been told by Chinese officials that they were prepared to sign the Covenant on Civil and Political Rights next month. She said that the Chinese government had also signed a letter of understanding with the Human Rights Commission requesting technical assistance on human rights issues.

"China has human rights problems, major problems," Mrs. Robinson said at a press conference Tuesday morning in Beijing. But, she added, "I was interested in the awareness of and willingness to admit human rights problems among China's leaders."

Mrs. Robinson praised China's willingness to allow the Human Rights Commission to work in the country, since China has previously rejected what it regarded as outside interference in its internal affairs. "It has to be apparent what a ground-breaking visit is," she said. "Human rights is not talked about here."

But human rights groups here reacted with only cautious optimism, noting that the ultimate success of the visit hinged on whether China's avowed commitment to human rights led to concrete changes in a country where people are still imprisoned without trial and cannot speak out against the government.

Indeed, Mrs. Robinson's 10-day trip was punctuated by poignant reminders of the dizzying contradictions in China's current human rights policies, where scattered signs of liberalization are often offset by acts of harsh repression.

During the visit, dissidents from two provinces said they had gotten encouraging signals when they applied for permission to organize an opposition political party, an act that had landed dissidents in jail just three months ago.

But that same week, the Public Security Bureau arrested and allegedly beat an imprisoned dissident's wife, Chu Hailan, as she tried to deliver a letter to Mrs. Robinson. And a liberal journalist and editor, Shi Binhai, was taken from his home without explanation or charges.

Such contradiction were not lost on Mrs. Robinson, who said that she had called the Chinese Foreign Ministry to demand Mrs. Chu's release after she heard about the arrest — which had occurred in her hotel lobby. Mrs. Chu was released that same evening. Mr. Shi's status remains unclear.

Mrs. Robinson said repeatedly that the main goal of her trip was merely to "start a process of cooperation" and did not say if she had gotten any concrete commitments for change.

The International Covenant on Political and Civil Rights, which China plans to sign next month, along with the International Covenant on Economic, Social and Cultural Rights, signed last year, are comprehensive documents protecting rights from freedom of speech to freedom to form trade unions. But China's governing bodies still have to ratify both documents and might try to attach caveats, observers said.

CIA Papers Detail 1960s Payments to Dalai Lama

By Jim Mann
Los Angeles Times Service

WASHINGTON — For much of the 1960s, the CIA provided the Tibetan exile movement with \$1.7 million a year for operations against China, including an annual subsidy of \$180,000 for the Dalai Lama, according to newly released U.S. intelligence documents.

The money for the Tibetans and the Dalai Lama was part of the CIA's worldwide effort during the early years of the Cold War to undermine Communist governments, particularly in the Soviet Union and China.

The documents, published last month by the State Department, illustrate the historical background of the situation in Tibet today, in which Beijing continues to accuse the Dalai Lama of being an agent of foreign forces seeking to separate Tibet from China.

The CIA's program encompassed support of Tibetan guerrillas in Nepal, a cover military training site in Colorado, "Tibet Houses" established to promote

Tibetan causes in New York and Geneva, education for Tibetan operatives at Cornell University and supplies for reconnaissance teams.

"The purpose of the program," top U.S. intelligence officials wrote in one memo, "is to keep the political concept of an autonomous Tibet alive within Tibet and among foreign nations, principally India, and to build a capability for resistance against possible political developments inside Communist China."

The declassified historical documents provide the first inside details of the CIA's decade-long covert program to support the Tibetan independence movement. At the time of the intelligence operation, the CIA was seeking to weaken Mao Zedong's hold over China. And the Tibetan exiles were looking for help to keep their movement alive after the Dalai Lama and his supporters fled Tibet following an unsuccessful 1959 revolt against Chinese rule.

Tibetan exiles and the Dalai Lama

have acknowledged for many years that they once received support from U.S. intelligence. But until now Washington refused to release any information about the CIA's Tibetan operations.

The U.S. intelligence support for the Tibetans ended in the early 1970s after the Nixon administration's diplomatic opening to China, according to the Dalai Lama's writings, former CIA officials and independent scholars.

The Dalai Lama wrote in his autobiography that the cutoff in the 1970s showed that the assistance from the Americans "had been a reflection of their anti-Communist policies rather than genuine support for the restoration of Tibetan independence."

The newly published files show that the collaboration between U.S. intelligence and the Tibetans was less than ideal. "The Tibetans by nature did not appear to be congenitally inclined toward conspiratorial proficiency," a top CIA official wrote in one memo.

The budget figures for the agency's Tibetan program are contained in a

memo dated Jan. 9, 1964. "Support of 2,100 Tibetan guerrillas based in Nepal: \$500,000," it reads. "Subsidy to the Dalai Lama: \$180,000." After listing several other costs, it concludes: "Total: \$1,735,000."

The files show that this budget request was approved soon afterward.

A later document indicates that these annual expenses continued at the same level for four more years, until 1968. The agency then scrubbed its U.S. training programs for Tibetans and cut the program budget to just below \$1.2 million a year.

Lodi Gyari, the Dalai Lama's personal representative in Washington, said last week that he had no knowledge of the CIA's \$180,000-a-year subsidy or how the money was spent.

But speaking more generally of the CIA's past support for the Tibetans, Gyari acknowledged: "It is an open secret. We do not deny it."

The CIA has long resisted disclosing information about its Tibet-related operations.

BRIEFLY

Malaysia Lawyers Issue Warning

KUALA LUMPUR — Fourteen senior Malaysian lawyers, scholars and rights activists said Tuesday that the country's rule of law had been steadily undermined, citing events surrounding the "summary sacking" of the former finance minister, Anwar Ibrahim.

"There has been an ever steady and increasing disregard for and erosion of the rule of law and the principles of natural justice," they said in an eight-page statement entitled "The Rule of Law Under Threat."

They cited a judge's decision to allow affidavits "very detrimental" to Mr. Anwar to be made public despite a counsel's objection to their release and the detention last month of a businessman friend of Mr. Anwar's under the Internal Security Act, which provides for detention without arrest.

Mr. Anwar said Tuesday that the authorities had detained his former private secretary and that he expected to be arrested later this month. Prime Minister Mahathir bin Mohamad said last week that Mr. Anwar would be indicted once the police finish their investigations.

(Reuters)

Holy War Threatened in Pakistan

ISLAMABAD, Pakistan — An influential religious university in Pakistan threatened Tuesday to launch a jihad, or holy war, against Prime Minister Nawaz Sharif's government if it signs the global nuclear test ban treaty.

The Dar-ul-Aloom Haqqania University issued the Islamic decree warning that "all Muslims were bound to struggle against and resist those willing to support the treaty."

The university, which has an enrollment of about 2,500 students, educated many of the religious fighters in the Taliban militia, who have imposed a harsh form of Islamic law in most of Afghanistan.

(AP)

China to Talk to Taiwan Official

TAIPEI — In a move warmly greeted in Taipei, China said Tuesday it would play host to Taiwan's top negotiator next month and agreed to preliminary talks on an agenda for visit.

Koo Chenfu may hold a news conference and meet with Taiwanese investors when he visits Beijing and Shanghai from Oct. 14 to 19. China's Association for Relations Across the Taiwan Straits said in a letter.

The letter was addressed to the association's counterpart in Taiwan, the semi-official Straits Exchange Foundation. Mr. Koo is chairman of the foundation, which is responsible for Taiwan's contacts with China.

(AP)

Filipinos Protest Pact With U.S.

MANILA — Hundreds of activists, some with slogans painted on their bodies, marched Tuesday to protest an accord that would let U.S. troops conduct war exercises in the Philippines.

The protests in Manila and nearby provinces came a day before planned nationwide rallies to mark the Philippine-American military presence in its former colony.

The marchers on Tuesday opposed the Visiting Forces Agreement, which would allow large-scale U.S. and Philippine military exercises and provide legal protection for U.S. soldiers in the country. U.S. and Philippine officials have signed the accord, but the Philippine Senate must ratify it.

(AP)

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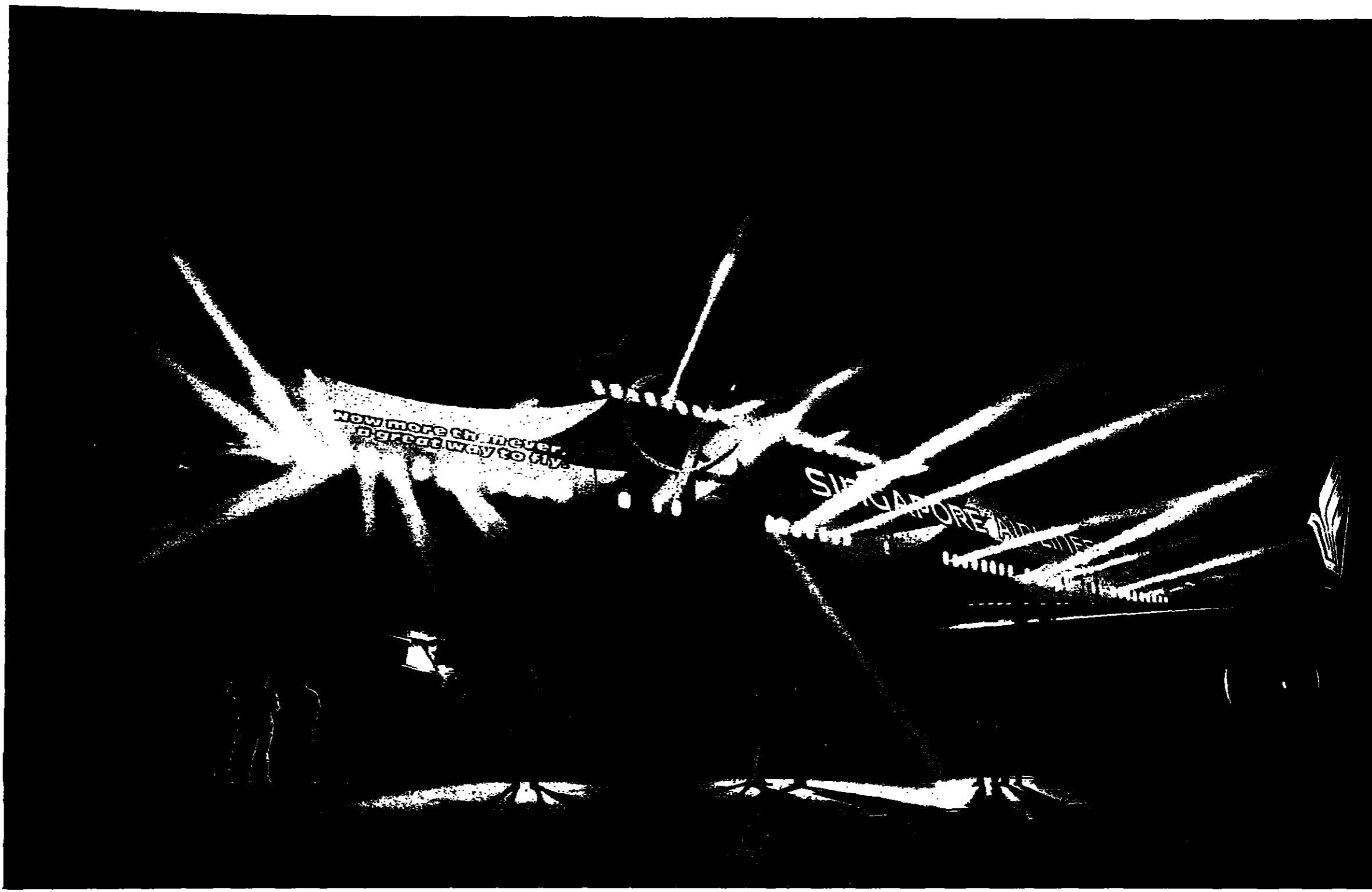
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EUROPE

Gorbachev's Economists Back at Helm in Russia

By Celestine Bohlen
New York Times Service

MOSCOW — Summoned back from a decade of obscurity, a group of Gorbachev-era economists stood outside the headquarters building of the Russian government on Tuesday, waiting their turn to give advice on how to rescue a floundering economy.

Ten years ago, these men were the talking heads of *perestroika*, the name given to reforms launched by President Mikhail Gorbachev — which in due course, led to the collapse of communism and the end of the Soviet Union.

On Monday, they joined the alumni of Mr. Gorbachev's varsity squad who find themselves back at the center of Russia's economic policy debate.

Russia's new prime minister, a top economic aide and the new head of the central bank all served under Mr. Gorbachev.

That the Russian government sought the help on Monday of so many Gorbachev economists was a sign of the death of new ideas to save Russia's economy.

It was also a telling symbol of how last week's political showdown has humbled President Boris Yeltsin.

Paradoxically, Mr. Yeltsin won the affections of Russian voters in 1991 by attacking Mr. Gorbachev's feeble efforts at economic reform and, by extension, the economists behind *perestroika*.

This time, it is Mr. Yeltsin's team of young liberal economists who are under attack for having shortchanged the Rus-

sian people by clinging to free-market theories that have yet to take root here. Looking reinvigorated, if a bit ruffled, in the bright autumn sunshine, the reassembled team measured their words carefully as they waited for an escort to take them into a meeting with Prime Minister Yevgeni Primakov's top deputy for economic affairs, Yuri Maslyukov, a Communist.

Among them were three top advisers to Mr. Gorbachev — Leonid Abalkin, Nikolai Petrakov and Oleg Bogomolov.

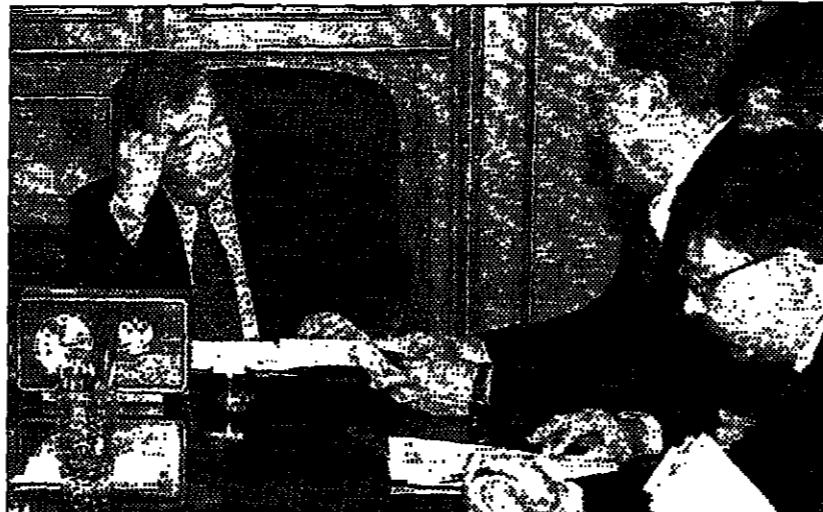
Their glee at having survived to see their services back in demand was evident.

"Now there is hope for a more realistic policy," said Mr. Bogomolov, director of the Institute for Internal Economic and Political Studies.

"Now it is not just one side that can express their ideas, like our liberal radical economists. We are all in favor of reforms, but not reforms for their own sake, but reforms which serve people."

Mr. Primakov's government has yet to fix a clear economic policy to pull Russia out of its crisis, but his choice of advisers has sent strong signals that his approach will be a throwback to another era, when economists tried to introduce some free market ideas within a Soviet system.

To Mr. Primakov's predecessors, who favored free markets and tight fiscal discipline, the return of the Soviet cast of characters is eerie, even alarming. Not only is Mr. Maslyukov a member



Prime Minister Yevgeni Primakov, left, meeting on Tuesday with his deputy, Yuri Maslyukov, next to him, and union members. The Kremlin leader vowed to pay long overdue salaries to miners and other workers.

of the Communist Party but he also once was also director of Gosplan, the giant bureaucracy that was the epicenter of the Soviet command economy and the headquarters of its detailed five-year-plans.

At a thinly attended rally in Moscow on Sunday, former Prime Minister Yegor Gaidar issued dark warnings about the return of the Communists to power and the impending collapse of Russia's fragile market economy.

The main task today is to unite democratic forces to prevent the downfall of Russia," said former Deputy Prime Minister Boris Nemtsov, another young liberal reformer speaking on television Sunday night.

But there is also a more benign view of the return of a breed of Soviet economists that many had assumed had become extinct. "I swear, I didn't even know he was still around," said one economic researcher after reading a

public appeal issued last week by Mr. Abalkin, who is still director of the Institute of Economics.

In his public comments, Mr. Primakov has indicated that his government will put its emphasis on meeting the needs of the Russian population and industry without explaining where the money for this will come from.

But it is a message with appeal reaching beyond the political debate, deep into a poor and exhausted society.

"We must not carry out reforms that have a bad effect on the people," Mr. Primakov said Monday at a government meeting. "If therapy drags on for decades and there is no light at the end of the tunnel, of course, this is not in the interest of the nation."

The Gorbachev-era economists — most of them directors of academic institutes — have adapted to Russia's changing reality, and their views, too, have changed.

Opposition Defies Ban, But Albania Is Calm

The Associated Press

TIRANA, Albania — Albanian opposition protesters defied a ban and held a peaceful rally Tuesday, while the government ordered armed opponents to turn in their weapons in an effort to avert fresh violence after two days of riots.

In a televised address, Prime Minister Fatos Nano said that the government's patience was running out and that it would not wait "endlessly" for all weapons to be removed from the headquarters of former President Sali Berisha. "There is no time," he said.

Mr. Nano guaranteed the safety of Mr. Berisha and his followers. He also said he was willing to consider "in principle" any formula for resolving the crisis. The opposition has demanded that Mr. Nano resign.

Monday's protest — prompted by the assassination of Azem Hajdarri, a fellow lawmaker and ally of Mr. Berisha's who helped bring down Albania's Communist government — touched off a day of unrest reminiscent of the anarchy that lasted for months in 1997.

Riots swept Albania last year after the collapse of pyramid investment schemes that cost many people their life's savings, sending refugees into Italy, Greece and other countries.

Police said at least three opposition supporters had been killed and 14 wounded when government forces attacked and regained control of seized key facilities: Parliament, the state television and radio building and the prime minister's office.

The Interior Ministry on Tuesday banned demonstrations by Mr. Berisha's Democratic Party. Despite the ban, about 3,000 people rallied in the main square of Tirana.

Many protesters flashed the two-fingered victory sign as Mr. Berisha coupled demands for the prime minister's resignation with exhortations to the demonstrators to remain peaceful.

Dozens of police cars, lights flashing and sirens howling, surrounded the protesters on Skanderbeg Square. Officers carrying submachine guns and wearing stocking masks filled the cars and several police vans.

Mr. Berisha remained defiant. The 53-year-old heart surgeon warned Interior Minister Periki Teta to rescind a shoot-without-warning order or "bear all responsibility for the consequences." He called for another rally Wednesday unless Mr. Nano resigned.

In southern Albania, police reported shooting between gunmen and border guards at the Kakavia crossing to Greece during the night. They said the attackers wounded three people.

U.S. and European diplomats were trying to negotiate a solution. Many fear the unrest could spread, further complicating the situation in the neighboring Serbian province of Kosovo, where ethnic Albanian rebels are fighting for independence.

The governor of Kosovo, Veljko Odalovic, warned that the stability of the southern Balkans was at stake. "Any clashes in our immediate neighborhood are a reason for our grave concern, especially if it is Albania and if a legally elected government is threatened in such a way," he said.

BRIEFLY

Floods Kill Belgian

BRUSSELS — Floods in Belgium claimed their first victim Tuesday when a woman drowned in her car. Rivers rose to critical levels forcing the evacuation of hundreds of people.

In northern Belgium, a woman died when her car skidded into a ditch. Around the eastern city of Liege, reservoirs in the Ardennes hills released excess waters, swelling rivers below. Several villages were flooded.

Carlos Ally Sought

BONN — Germany formally requested on Tuesday the extradition from France of Hans-Joachim Klein, a former ally of Illich Ramirez Sanchez, the international terrorist known as Carlos the Jackal, for his part in the 1975 kidnapping of OPEC ministers in Vienna.

Mr. Klein, 50, was detained last week near a village in Normandy, in northern France, where he had been living under an assumed name for years. German prosecutors had said they would seek Mr. Klein on charges of murder and kidnapping. Austria has also said it will request his extradition.

For the Record

The French interior minister, Jean-Pierre Chevenement, 59, five days after emerging from a coma, was getting better but was still unable to talk. French television reported.

President Vaclav Havel of the Czech Republic, 61, on the mend after months of life-threatening medical problems, began a five-day trip to the United States on Tuesday.

Viagra Now Legal in EU, but With Some Controls

By Barry James
International Herald Tribune

BRUSSELS — The European Commission decided Tuesday to authorize the sale throughout the European Union of the oral drug Viagra to help men achieve erections.

The measure posed a problem for several countries that fear their government health programs could be overwhelmed by demand for Viagra.

In Britain, the health secretary, Frank Dobson, ordered doctors not to prescribe the drug free under the National Health Service.

There is insufficient money, he said. "Therefore," he added, "we have to take the money away from maternity services for women having babies, or people who are being treated for cancer, or people who are being treated for heart disease."

The health ministries in Germany and Portugal also said that public health services would not pay for Viagra, which is widely viewed as a "quality of life" medicine.

Joseph Feczko, medical director of Pfizer Pharmaceutical, the manufacturer of the drug, said the company was "not happy" with Viagra's reputation as an aphrodisiac, which has led to runaway sales in the United States.

He said that the "utilitarian chatter" about Viagra slowed down the regulatory process in several countries.

Nor, he said, was Pfizer happy about the ease with which Viagra can be obtained over the Internet.

"Erectile dysfunction is a medical condition as much as arthritis," he said.

Although it is not life threatening, the problem, he said, has caused incalculable misery to "people who

have suffered and are suffering."

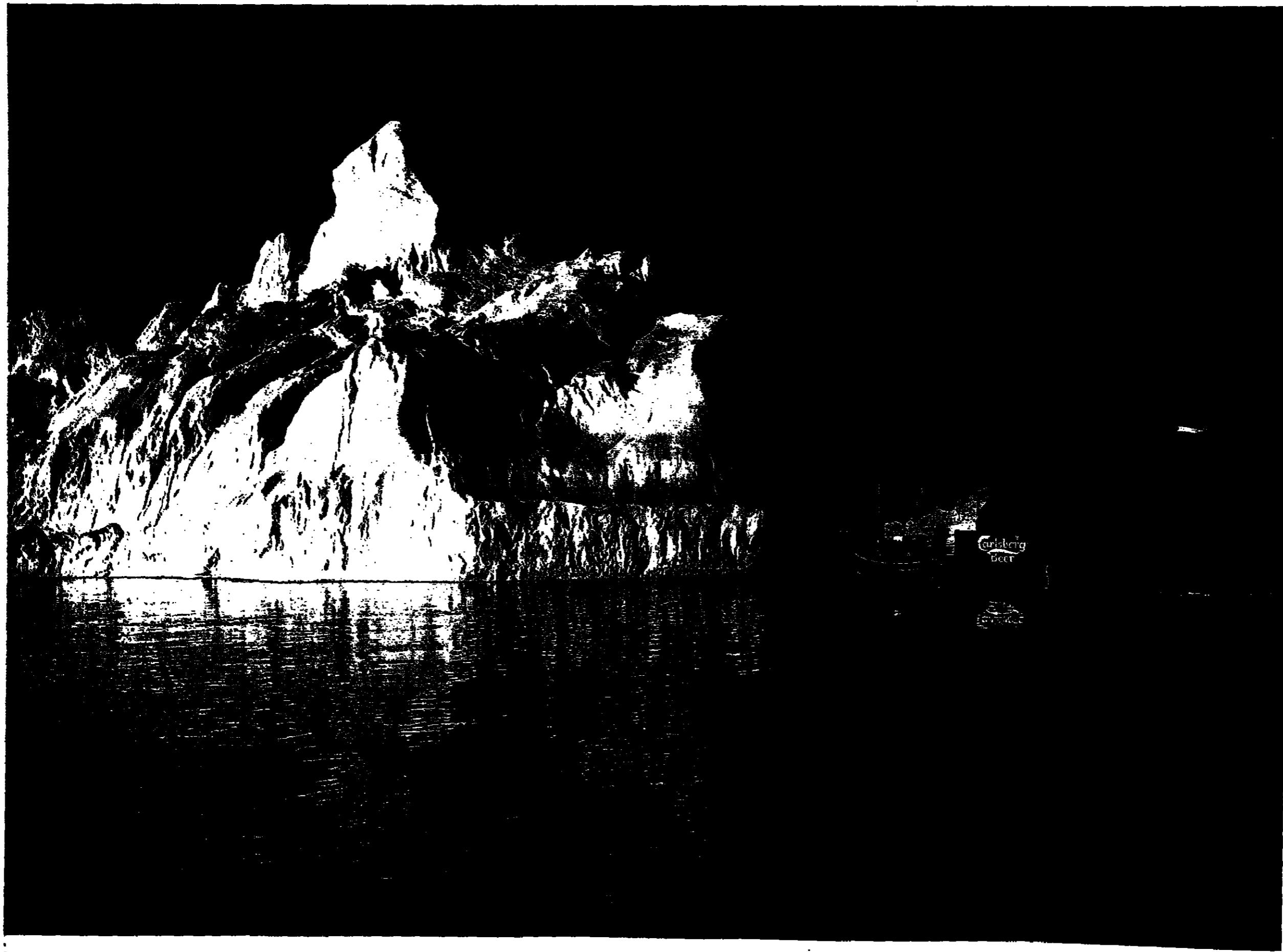
The decision by the commission meant that, "in principle, the company concerned has, from tomorrow, the right to circulate the product in all member states," said Jochen Kubosch, the commission's spokesman on health matters.

Even though public health systems may refuse to dispense the drug, patients in all EU countries can obtain it legally by presenting a private prescription.

The commission, the EU's executive body, imposed some conditions.

- Viagra may not be prescribed to women or to males under 18.

- Prescriptions must be accompanied by a leaflet warning that Viagra should not be used by men suffering from heart or liver conditions or who are taking medicines containing nitrates.



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Financial Services

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Fast Track on Clinton

Kenneth Starr's report has arrived on Capitol Hill with only a few weeks to go before members of Congress were expecting to go home to campaign. The temptation to deal with the impeachment question on the slow track until the next Congress will be keen. Nobody knows exactly how voters are likely to respond to serious congressional action.

It is, however, unthinkable that Congress would adjourn while the Lewinsky matter remains unresolved. As long as there is a question of impeaching the president, the House Judiciary Committee must keep working on it irrespective of the time of year or the possible impact on any election.

The first reason is fairness to President Bill Clinton. If the House ultimately decides not to impeach him, it should not hold endless deliberations that prevent him from ever recovering any of his ability to lead the country. Respect for the responsibilities of the presidency requires that Congress not

encumber Mr. Clinton in the exercise of his duties longer than necessary.

The second reason — mirror image of the first — is that if Mr. Clinton is found to be unfit for office, Congress should not let him occupy the White House one day longer than it must. Impeachment, after all, is a device designed to protect our system from abusive officers. The duty to impeach and remove them is sufficiently grave that Congress cannot put it on hold until it is politically convenient to act.

It now seems quite clear that Mr. Starr's evidence requires an impeachment inquiry. Congress should move swiftly to open this inquiry, and the Judiciary Committee chairman, Henry Hyde, should keep it open straight through the election and the lame-duck period following it. If need be, the full House should be recalled to vote. Politicians have accused Mr. Starr of taking too long to investigate. Congress should deal with these accusations promptly.

—THE WASHINGTON POST.

Wallace's Legacy

As Washington debates the possibilities and limits of redemption in political life, the career of former Governor George Wallace of Alabama is instructive. George Corley Wallace, who died Sunday at the age of 79, devoted the latter part of his life to revising his own biography. The politician who vowed, at his first inauguration, "segregation now, segregation tomorrow, segregation forever," courted — and won over — many black voters in his home state. He won, too, a measure of respect from some former enemies.

Yet Mr. Wallace will rightly be remembered, first and foremost, as the snarling bantamweight who blocked the doorway of the University of Alabama in Tuscaloosa on June 11, 1963, to bar the school's first two black students from entering. That defiant stance led President John F. Kennedy to federalize the Alabama National Guard; the two students were duly admitted. But Mr. Wallace's resistance to integration, and to the law and order he professed to revere, did not stop there. Two years later was his state troopers, along with local lawmen, who clubbed and gassed unarmed civil rights workers crossing the Edmund Pettus Bridge in Selma.

There was always an element of cal-

culation in Mr. Wallace's segregationism: rabble-rousing, an insincerity that made his stand less — in some ways more — repugnant. He had vowed, after losing his first gubernatorial election as a relative moderate, never again to be less rabid on race than his opponent. Even in the 1960s, many defected more politics than principle in his opposition to rights for African Americans. But his hateful words contributed to the murders of black and white civil rights workers. He was a "merchant of racism," Martin Luther King Jr. said.

When a bomb exploded in a Birmingham church, the Reverend King told the governor that "the blood of four little children . . . is on your hands." Much later — after four terms as governor, after his runs for the presidency, after a gunman had put him in a wheelchair — Mr. Wallace tried to disavow his call for eternal segregation. "I didn't write those words," he told the columnist Carl Rowan in 1991. "I saw them in the speech written for me and planned to skip over them. But the wind-chill factor was five below zero when I gave that speech. I started reading just to get it over and read those words without thinking. I have regretted it all my life."

—THE WASHINGTON POST.

Cambodian Whirlpool

There was hope that a July 26 election would purify Cambodia back on a track toward democracy and stability. So far it has not worked out that way. The election produced much resentment but no clear winner. In recent days, grenade attacks, shootings and violent police actions have increased tension in that impoverished Southeast Asian nation.

Cambodia's troubles go back a long way, but the current round began in July 1997. That is when the second prime minister, Hun Sen, the country's strongman ruler for more than a decade, chased the first prime minister, Prince Norodom Ranariddh, from power. The palace coup was followed by 100 or more political killings.

In the July 26 election a year later, most Cambodians turned out to choose among Hun Sen's party, Prince Ranariddh's party and that of the opposition leader Sam Rainsy. Most observers describe election day as peaceful and well-organized. But opposition parties complained that Mr. Hun Sen's pre-election intimidation tactics and his

party's postelection vote manipulations precluded a fair result. Charges of vote fraud have been neither proven by the opposition nor given a fair hearing by the government, leading to a bitter standoff. The ruling party's fiddling with rules to give itself a majority of parliamentary seats after winning only a plurality of votes did not help.

Now government police have cracked down with unnecessary and unwise brutality on peaceful demonstrators from opposition parties. The opposition, for its part, has engaged in (anti-Vietnamese) race-baiting that also has inspired violence. Countries around Cambodia, at one time committed to helping shape a democratic outcome, are distracted by their own grim troubles.

But Cambodia's woes can only drag the region down farther. All sides inside Cambodia should be made to understand that only a peaceful resolution can regain for the nation its United Nations seat, its international aid and its standing in the world.

—THE WASHINGTON POST.

Home Runs Aplenty

During the recent series between the Cards and the Cubs, Mark McGwire suggested to Sammy Sosa how nice it would be if the two of them could both beat Roger Maris's record, and maybe end the season tied with the same number of home runs. That seemed unlikely at the time, with Sosa stuck at 58 home runs and McGwire on a tear. But beginning last Friday night, the hero of San Pedro de Macoris, in the Dominican Republic, pumped four home runs and its standing in the world.

We thought it was over, but what was once a home run chase is now a home run race.

—THE NEW YORK TIMES.

Herald Tribune

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Crafty Saddam Hasn't Given Up on Nuclear Arms

By Khidir Hamza

WASHINGTON — In the early 1970s, Saddam Hussein, then Iraq's vice president and vice chairman of the ruling Revolutionary Council, ordered the development of a clandestine nuclear weapons program. I was one of those who initiated the program.

The plan's long-range objective was to produce nuclear weapons, but the immediate objective was to acquire nuclear technology. To achieve that goal, the manipulation of the International Atomic Energy Agency, the IAEA, was fundamental. The elaborate plan of deception they gradually evolved included the signing of nuclear cooperation treaties with friendly states and the invention of bogus projects.

Iraq had impeccable credentials for receiving nuclear assistance. Iraq had signed the Nuclear Nonproliferation Treaty in 1968 and ratified it in 1969. That made our nuclear-power cover stories internationally acceptable and justified our major nuclear purchases with the full backing of the IAEA.

Over the years, I had many roles. I was chief of the fuel division in the 1970s, head of the theoretical division of the enrichment program in the 1980s, scientific adviser to the chairman of the Iraqi Atomic Energy Commission, the IACB, in the mid-1980s, and, for a brief period in 1987, director of weaponization.

Acquiring nuclear technology within the IAEA safeguards system was the first step in establishing the infrastructure necessary to develop nuclear weapons.

In 1973, we decided to acquire a 40-megawatt research reactor, a fuel-manufacturing plant and nuclear fuel-reprocessing facilities, all under cover of acquiring the expertise needed to eventually build and operate nuclear power plants and produce and recycle nuclear fuel. Our hidden agenda was to develop clandestinely the expertise and infrastructure needed to produce weapons-grade plutonium.

As it turned out, few of Iraq's suppliers — or the IAEA itself — ever bothered to ask a simple question: Why would Iraq, with the second-largest oil reserves in the world, want to generate electricity by burning uranium? For its part, Iraq was careful to avoid raising IAEA suspicions; an elaborate strategy was gradually developed to deceive and manipulate the agency.

To get better access to the inner workings of the IAEA, the position of "scientific attaché" was created at the embassy in Vienna. Suuro Mahmoud Mirza, a brother of Mr. Saddam's senior bodyguard, was appointed to this position. Mr. Mahmoud provided de-

tailed reports on many subjects not covered in open publications, including the role of inspectors in uncovering clandestine programs, how information given to inspectors was controlled, and how limited their leverage was. He also realized the importance of having Iraq's work as inspectors to gain a more complete understanding of inspection procedures and processes.

Most important of all, he alerted us to the success of satellite remote sensing in uncovering clandestine, and especially underground, activities. As a result, Iraq built no underground facilities.

Ironically, the understanding that gradually emerged from a closer relationship to the IAEA was how weak and easily manipulated the agency was. With little leverage on member states, inspectors were in a difficult position. If an inspector wrote about a suspicious activity in the state he visited, and if it leaked out (which was often the case), the inspector could be denied future access to that state.

Further, according to Abdul Wahid Saji, the first Iraqi to serve as an IAEA inspector, if an inspector gained a reputation as antagonistic or aggressive, few states would allow him to inspect their facilities.

Overall, the IAEA proved extremely useful to the Iraqi weapons program in obtaining nuclear technology. The agency accepted Iraq's importation of

highly enriched uranium fuel for its research reactor, without evaluating the possibility that Iraq might divert it to military use.

The new safeguards system that has grown out of the updated program set up in 1993 to cover some past failings, is capable of detecting future Iraq.

But if the old IAEA safeguards culture prevails, the new system will not be a match for a determined Saddam Hussein or other proliferators.

After two disastrous wars and the large-scale massacre of Kurds and Shiites, the criminal nature of the Iraqi regime is internationally recognized.

What is not recognized by the world community, though, is the determination with which the regime of Saddam Hussein intends to pursue programs to produce weapons of mass destruction, including nuclear weapons, once sanctions are lifted.

The nuclear weapons group is still in place; the expertise is still there; and Saddam Hussein and his colleagues are well-practiced in the arts of deception.

The writer was a top scientist at the Iraqi Atomic Energy Commission before he defected to the United States. He contributed this comment, which appeared first in the *Bulletin of Atomic Scientists*, to *Global Viewpoints* (*Los Angeles Times Syndicate*).

When Credibility Is Gone, Think of Going, Too

By David S. Broder

WASHINGTON — President Bill Clinton has disgraced himself. He has demeaned his high office to which he was twice elected. And he has left Congress and his fellow citizens with a dilemma, for which the Constitution provides no clear, trouble-free remedy.

He has apologized for his actions, perhaps as much as he needs to, and his followers have sought to shift the criticism onto the independent counsel, Kenneth Starr, whose report to Congress was every bit as abhorrent as the conduct it describes.

Like many others, when I read the Starr report I could not believe the endless, repetitious, salacious detail was necessary to disprove the president's denial of sexual relations with Monica Lewinsky.

But after watching David Kendall, Mr. Clinton's attorney, on television Sunday morning, smugly and condescendingly twisting words and denying reality, I can understand what drove Mr. Starr to dump every bit of trash that had collected onto the president's head.

As Merle Black, the Emory University political scientist, told me: "The more Kendall

speaks on behalf of Clinton, the worse it is for him. It undermines the whole idea of respect for the law."

That is why serious Democrats with the interests of both the president and the country at heart are pleading with the White House to abandon this legal penitentiary. Leon Panetta, Mr. Clinton's former chief of staff, told me that Mr. Kendall and others "have to stop the legal quibbling whether he lied about the sexual relationship. He needs to cooperate with Congress, not engage in the same tactics he has for the last seven months."

But what to do with Mr. Clinton? Mr. Panetta said, "There are no magic answers. You feel like running upstairs and putting your head under the pillow." His own recommendation is that the White House negotiate for a congressional censure resolution.

That idea is growing in popularity, but it presents problems. Censure cannot be found in the Constitution. When applied

to members of Congress, under the rules of the House and Senate, it undermines the whole idea of respect for the law."

One is whether we are outraged by the president's personal behavior and public deceptions. The other is whether we believe he should be impeached and removed from office.

They are distinct questions, constitutionally distinct. It is crucial to the future of our political system that we keep them separate. But from various points on the political compass there are efforts to muddy them together.

Kenneth Starr has worked feverishly to obliterate the distinction.

His aim is to destroy Bill Clinton, politically and personally. His strategy has been to arouse public opinion against the president and drive him from office. The president's sexual idiocy, and attempts to conceal it, gave Mr. Starr the opportunity that other allegations had not.

As to the report itself, any reader could understand without prompting by the president's lawyers that its massive irrelevant sexual detail was designed to degrade the president. What does masturbation have to do with anything? Would responsible prosecutors have pried so incessantly at Monica Lewinsky for sexual detail?

Would they have degraded her by forcing her to answer in such detail as the price of immunity from prosecution?

But it was not just the sex. The number of supposed grounds for impeachment listed by Mr. Starr, 11, was designed to make people think there must

be something there. Mr. Starr went so far as to argue that asking the courts to give Secret Service agents a privilege against testifying — which President George Bush and many others thought they should not have to do — was a

constitutional test of "high crimes and misdemeanors."

But because Mr. Clinton's behavior has been laid bare, people want to express their disappointment in him. And that has led to a blurring of the line between outrage and impeachment.

A number of newspaper editorialists have called on Mr. Clinton to resign.

Some people who have supported him in the past have taken the same position, arguing that he can no longer be effective.

"To seize an initial lie about his sex life to trap him on an escalator of mendacity does not require much ingenuity. The trick is familiar to any tabloid journalist or tort lawyer... What should care about is the ease with which a president can have the trick played on him... The process is claimed as constitutional, but every well-tooled cop claims that."

Much of the world is bewildered at the spectacle of an American president under attack by a prominent prosecutor. On Irish Radio the other day a Northern Ireland assemblywoman, Brid Rodgers, said:

"We find it just grotesque that somebody's private life

should be laid bare. None of us could stand that."

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Using resignation is a way to avoid the hard question of impeachment. But for a president to resign because he is politically weak would do terrible damage to the role of the presidency in our constitutional structure. It would move us toward a parliamentary system. It would encourage the forces of demagoguery to attack any president. It would intensify the already corrupting criminalization of our politics.

Those dangers are far worse than living with a damaged president.

Against them we should resolutely set our face.

The New York Times.

Make Way for German Baby-Boomers

By Robert von Rimscha

WASHINGTON — America's transition to a baby-boomer president was one of style, social attitudes and values as much as it was political. The same will soon happen in Germany, as it is set to be run by what is essentially a post-Cold War generation.

They have been called the '89 generation, as the fall of the Berlin Wall in 1989 is its members' crucial exposure to living history. They deplore West Germany's unwillingness to use the transformation of East Germany as a trigger for structural change.

They question the notion that the relationship is antagonistic between "turbo capitalism" in the United States and a benign social welfare state in Germany. Instead, stressing common challenges facing both the United States and Europe in the age of globalization.

They despise the gruff

INTERNATIONAL

Congo Rebels Deny Report of Attack*Compiled by Our Staff From Dispatches*

GOMA, Congo — The Congo rebel commander, Jean-Pierre Ondekane, denied Tuesday that the insurgents were facing a general offensive by government troops and their allies in the eastern part of the country.

Sources in Kinshasa said that the government troops and allies were attacking Kalemie in the southeast and were nearing Kisangani, which is held by the rebels in the northeast.

The government forces, which last month received military support from Angola, Zimbabwe and Namibia, were also said to be "at the gates of Goma," the rebels' eastern stronghold on the border with Rwanda.

But Mr. Ondekane said in Goma that

the fighting supposedly taking place between Kisangani and Lubutu, some 200 kilometers (120 miles) southeast of it, "does not exist."

He dismissed assertions by the government that its forces had captured Lubutu, saying that a plane was about to leave Goma to take supplies to the rebels there. He added that the rebel forces had pushed past Lubutu to the village of Mayala.

"Kalemie is calm," he said, adding that the rebels were now at the village of Viura, about 50 kilometers south of Kalemie in the mineral-rich province of Katanga.

The rebel commander said that his

insurgents were at Kibumba, a village about 25 kilometers north of Goma, pur-

suing Rwandan Hutu and Congolese war-

riors who attacked Goma on Monday.

The insurgents repulsed them after a

six-hour battle. Late Monday, Mr.

Ondekane exhibited prisoners dressed

in civilian clothing.

Rwanda's vice president, Paul

Kagame, said meanwhile that Rwandan

troops had repelled an attack by Hutu

fighters near the border town of Gis-

emba.

The attack was part of the same op-

eration as the Hutu raid on Goma.

Mr. Kagame accused Congo's pres-

ident, Laurent Kabila, of training Hutu

forces based in eastern Congo and

warned that Rwanda "will not sit by and

watch while Congo destabilizes us."

(AFP, Reuters)

BRIEFLY

Kenya to Try Man In '88 Tourist Death

NAIROBI — A magistrate ordered Tuesday that a former game warden stand trial Sept. 29 on charges of having murdered a British tourist, Julie Ward, in 1988.

"There is sufficient evidence to charge the accused for murder," said Magistrate Uniter Kidullah. She said that Simon ole Makallah, and others not present, had been accused of murdering Miss Ward in the Maasai Mara Reserve. (AP)

Separatists Win Key Vote in Quebec

SHERBROOKE, Quebec — Separatists in Quebec have scored an important victory, winning a Parliament seat vacated by the man trying to lead anti-separatist forces to power.

The by-election victory of Serge Cardin of the Bloc Quebecois could encourage Quebec's separatist premier, Lucien Bouchard, to proceed relatively quickly with a provincial election.

That vote must be held by the fall of 1999, but Mr. Bouchard is expected to call the election either this fall or next spring.

The by-election was for the Sherbrooke parliamentary seat held since 1984 by Jean Charest, a popular anti-separatist who quit federal politics last spring to lead the effort to unseat Mr. Bouchard. (AP)

UN Nominee Discloses Gift, Raising Question of Conflict

By Philip Shonan
New York Times Service

WASHINGTON — Richard Holbrooke, the veteran diplomat whose nomination as chief U.S. delegate to the United Nations has hit a snag, amended his financial disclosure statements to reflect a gift worth more than \$12,000 in lodging from a former U.S. ambassador to Switzerland. Mr. Holbrooke's lawyer said Monday.

Clinton administration officials said his initial failure to list the gift on his disclosure statement to the Office of Government Ethics did not pose a threat to the nomination of Mr. Holbrooke, the architect of the 1995 peace agreement that ended the war in Bosnia.

On Monday President Bill Clinton again voiced support for the nomination. "I hope, if we can overcome the inertia of Congress, he will soon be a member of the team again," Mr. Clinton said in a speech in New York.

Still, the relationship between Mr. Holbrooke and the former ambassador, the late Larry Lawrence, may prove to be an obstacle.

Mr. Holbrooke, the former ambassador to Germany, lived in the Washington home of Mr. Lawrence and his wife, Sheila, for more than a year after he returned from Germany in 1994 to take up the post of assistant secretary of state for European and Canadian affairs. The Lawrences, who were then in Switzerland, did not charge Mr. Holbrooke rent.

Mr. Lawrence gained notoriety after his death in 1996 when it was discovered that he had fabricated a heroic

World War II military record that had, with Mr. Holbrooke's support, allowed him to be buried at Arlington National Cemetery. His remains were exhumed last year as a result of the controversy.

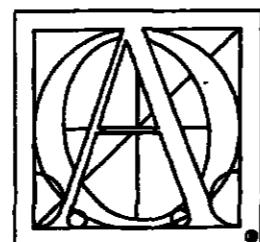
An adviser to Mr. Holbrooke, requesting anonymity, said that the investigator may be studying whether Mr. Lawrence, while ambassador to Switzerland, helped Mr. Holbrooke obtain his current job as vice chairman of Credit Suisse First Boston, the investment banking company controlled by Credit Suisse, the giant Swiss bank. The adviser said that in fact Mr. Lawrence "had nothing to do" with Mr. Holbrooke's employment.

While Mr. Clinton had intended to demonstrate support for Mr. Holbrooke on Monday in his speech to the Council on Foreign Relations, his remarks may have done more harm than good.

His remark about "the inertia of the Congress" drew an angry response from Senator Jesse Helms, Republican of North Carolina and chairman of the Foreign Relations Committee, which would review the nomination.

"We fail to see how inertia in Congress is to blame for keeping Mr. Holbrooke from the UN post," a Helms spokesman, Mark Thiessen, said in a statement. "President Clinton never actually nominated Holbrooke to the UN post and failed last week to meet a Sept. 10 deadline for getting his paperwork to the Foreign Relations Committee."

"But then we shouldn't be surprised," Mr. Thiessen continued. "It's par for the course for this administration to blame all of its troubles on someone else."



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INTERNATIONAL

Israel Hopes Arrow-2 Can Protect

But Skeptics Take Aim At New Missile Killer

By Lee Hockstader
Washington Post Service

JERUSALEM — When Israel staged a successful test launch of its super-sophisticated Arrow-2 missile this week, people here cheered and marveled at the astonishing technical prowess of the country's latest military coup.

Here was a supersonic specimen of "star wars" weaponry built to do what the American Patriot missile could not do in the Gulf War — reliably shoot down incoming missiles at speeds up to two miles per second traveling 10 or 25 miles above the earth's surface. It was, said the Arrow's backers, like designing "a bullet that could hit a bullet."

Israeli military men issued steady declarations of success that contained a warning to regional enemies such as Iraq, which fired 30 Scud missiles at Israel during the Gulf War, and Iran and Syria, which have developed missiles of their own designed to reach Israel.

"Yesterday was a bad day for haters of Israel," an unnamed defense official told the Israeli daily Ha'aretz, speaking of Monday's test in which an Arrow prototype destroyed a computer-simulated target over the Mediterranean after a 97-second flight.

The Arrow is expected to be fully operational in less than a year after undergoing further testing. But its glowing reviews obscure a long-standing debate within the defense establishment about how Israel should counter the growing missile threats posed by its Middle Eastern adversaries. And some Israelis wonder if the Arrow — funded jointly with the United States at a cost of \$1.6 billion — is really the answer to the country's strategic needs.

For skeptics, the question is whether the cost and effort invested in developing the Arrow, a fundamentally defensive system, has detracted from Israel's ability to prevent a missile attack in the first place. Israel's emphasis from now on, some specialists believe, should be on beefing up its heaviest weapons, including its presumed arsenal of nuclear weapons, and ensuring they can survive and be used to retaliate.

Among the strategic fraternity in academia and the Defense Ministry, some experts question the hype surrounding the Arrow given that — as any weapons system — it is unlikely to be 100 percent effective.

"Syria has 26 launchers, and can fire 26 missiles in one batch," said Yifrah Shapir, an analyst with the Jaffee Center for Strategic Studies at Tel Aviv University. "And one battery of Arrows would have a very difficult time protecting the country. If we are speaking about nuclear weapons, then unless you have 100 percent protection you have no protection at all. Without 100 percent protection we have to go back to second line of defense, which is deterrence. That's lousy, but it's all we have."

Other analysts see the Arrow as a key step in Israel's effort to keep abreast of the missile race in the Middle East.

Duncan Lennox, editor of Jane's Strategic Weapons Systems, said, "The lesson of war indicates that for the government to be shown to be making some effort to protect the population is what is required by the people."

"Nobody expects 100 percent defense. If they could hit three-quarters of the incoming missiles that would be extremely good and very valuable."

Missile defense is not an abstract subject in Israel. In the 1991 Gulf War, Iraqi Scuds hit neighborhoods of Tel Aviv. Israel responded with American Patriot missiles, which were designed to shoot down airplanes and not missiles, and they were largely ineffective in knocking out the Scuds.

The psychological trauma of missiles raining down on Tel Aviv, coupled with Iraq's more recent defiance of United Nations sanctions, injected a new urgency into the Arrow's development. So did Iran's new Shihab-3 missile, which was successfully tested this summer and is expected to have a range sufficient to hit Israel.

"We have a visible arms race," said Gerald Steinberg, a member of the Begin-Sadat Center for Strategic Studies at Israel's Bar Ilan University. "And there is an overall debate over what the future balance should be" of Israel's strategic reserves.

Mindful of the debate, Prime Minister Benjamin Netanyahu announced Tuesday that the Israeli cabinet approved Sunday a "sacrosanct" 10-year funding program "geared for one thing: to give a strategic answer to this threat." Without going into details, he stressed that Israel would develop both its defensive and deterrent capabilities.

GAMBLE: Arafat Builds an Austrian-Run Casino in the Desert — for Israelis Only

Continued from Page 1

signers of the Oslo agreement didn't foresee when they met on the White House lawn," said David Makovsky, the diplomatic correspondent for the Israeli newspaper Haaretz.

Adding to the absurd mix are scores of young Europeans who man the gambling tables. They commute to Jericho from the large, quasi-suburban Jewish settlement of Maale Adumim, where the casino company provides them with housing, and they are somewhat oblivious to the great divide they cross daily.

"It's quite a nice bubble in here, actually," said Ian McCann, 28, a casino inspector from Manchester, England.

For the depressed residents of Jericho

Consumers Will Feel the Pain as U.S. Health Costs Go Up

By Amy Goldstein
Washington Post Service

WASHINGTON — The respite from rising medical bills that consumers have enjoyed for several years is coming to an end, according to a new federal study that concludes that the country's spending on health care is likely to double over the next decade, to \$2.1 trillion.

Costs started accelerating this year, according to the study, primarily because the nation already has derived most of the savings to be had from an enormous transformation in health care that led most Americans into health maintenance organizations or other managed-care plans.

The analysis found that expenditures also are being nudged upward by patients' increasing use

of expensive prescription drugs, their enthusiasm for new medical technology and their demand for greater freedom to choose doctors and visit medical specialists.

"It's the first major report that shows clearly that those who felt managed care would solve the health care cost problem forever were living in a fantasy world," said Drew Altman, president of the Henry J. Kaiser Family Foundation, which sponsors health care research.

The forecast, prepared by economists in the Department of Health and Human Services and published Monday in the journal Health Affairs, suggests that medical inflation is unlikely to be as rampant as it was during the late 1980s and early '90s. Nevertheless, the amount of money the country spends on health care, as a percentage of

gross domestic product, will increase sharply from 14 cents of every dollar to 17 cents by 2007.

On a national scale, greater spending means that health care, already a dominant and treacherous political issue, is likely to remain a force in elections and budget decisions. On a personal level, higher costs will translate into higher insurance premiums for employers and families.

Already, there is evidence that insurance prices, relatively stable for the past few years, are starting to climb. Last week, the Office of Personnel Management announced that premiums for federal health insurance would increase by an average of 10.2 percent next year, the biggest jump since 1989. Similarly, California's Medicaid program, one of the largest purchasers of insurance in the country, recently abandoned its refusal to pay

higher premiums and agreed to grant one of its main HMOs, Kaiser Permanente, a 10 percent increase next year.

"That's a signal that the same thing will happen with other plans," said Paul Frostin, a researcher at the Employee Benefits Research Institute.

The study predicted that premiums on private insurance would be climbing at 8.2 percent annually by 2007, compared with 3.6 percent in 1996. Rick Foster, chief actuary for the division that prepared the analysis, said that it was difficult to predict the degree to which companies would bear the higher premiums or simply say "pony up" to their workers.

In this period of low unemployment, the study noted, companies are more likely to absorb the costs because they must attract scarce workers.

IRAN: Readyng for Taleban

Continued from Page 1

nic reprisals, and in recent days Taleban radio has repeatedly broadcast instructions from commanders that civilians in Bamian should not be harmed.

But international aid workers say it has been difficult to verify what is taking place in Bamian, in large part because UN personnel and most other foreigners left Afghanistan after U.S. cruise missile strikes on suspected terrorist targets there last month provoked widespread outrage that made their work exceedingly dangerous.

Iranian press accounts have emphasized the potential for peril faced by Shiites in Afghanistan. They make up about 15 percent of that country's population and were the dominant force in the Iranian-backed Hezb-i-Wahdat militia.

But it is the deaths of the Iranian diplomats — seven of whose bodies were returned to Tehran early Tuesday during an emotional airport ceremony — that has stirred Iranian passions, creating what Ghulam-Hossein Karbashi, the mayor of Teheran, described as "a very dangerous time."

Another senior Iranian official, who would speak only on condition of anonymity, said in a separate conversation, "The honor of Iran has been damaged, and the people expect revenge."

Iran has long been at odds with the Taleban, and it has been a major supplier



Revolutionary Guards answering Ayatollah Khamenei's exhortation Tuesday in Tehran to prepare for action.

of logistic and military support to the opposition forces that have been trying to prevent the militia from consolidating its control.

But with the capture in the last five weeks of Mazar-i-Sharif, the opposition's

northern headquarters, and Bamian, its last remaining stronghold, Taleban forces have taken control of the airstrips and land routes that Iran used to provide its indirect support. That may rank high among the factors. Tehran-based diplomats say that Iran appears to be contemplating some kind of direct intervention.

Ayatollah Khamenei, who had warned Monday that "very great and wide danger is quite near" in the conflict with Afghanistan, issued his call for heightened readiness in an address to senior commanders of the Revolutionary Guards, the premier Iranian fighting force.

"All officials and those in charge of the affairs of the country, including the armed forces, must be ready for speedy, timely and forceful implementation of whatever decisions the senior political and security authorities deem necessary," Ayatollah Khamenei said in the speech.

The Revolutionary Guards then issued a warning of its own, adding to a recent cascade of harsh words from leading Iranian institutions. It said that the Guards and the volunteer Bassij youth militia were ready "to take the revenge of the oppressed by revolutionary force."



U.S. Threatens To Force Iraqi Compliance

Continued from Page 1

WASHINGTON — The United States has a stronger military force ready to confront Iraq than it did earlier this year and will consider using it if diplomacy doesn't work, a senior administration official warned Tuesday.

Martin Indyk, assistant secretary of state for Near Eastern affairs, said the UN Security Council must first decide on a response to President Saddam Hussein's latest challenge to its authority, freezing cooperation with UN weapons inspectors.

He also called a threat by Iraq's Parliament on Monday to end all cooperation with UN inspectors unless the Security Council renew regular reviews of sanctions against Baghdad "outrageous and unacceptable."

"Saddam's actions have put us back on the ladder of potentially escalating confrontation with Iraq. So be it," Mr. Indyk told the House International Relations Committee. "We will not accept the indefinite blockade by Iraq."

"Force remains an option," he said. Meanwhile, diplomats said that the United Nations secretary-general, Kofi Annan, had made specific proposals for Iraqi disarmament to the permanent UN Security Council members.

China, France and Russia have called for closing the files on at least two disarmament issues, saying Iraq has cooperated fully in dismantling its capability in nuclear and ballistic missiles. But UN weapons inspectors say that questions remain over Iraq's chemical and biological weapons and that these are linked to its missile capability.

Last Wednesday the council suspended its regular review of sanctions against Iraq, effectively depriving Baghdad of any hope of an early end to sanctions in place since 1990. Under UN resolutions adopted after the Gulf War, an eight-year-old oil embargo can be lifted only when UN inspectors have certified that Iraq has dismantled all weapons of mass destruction. Compliance on broader issues is linked to other sanctions.

(AP, AFP)

EU May Censure Italy on Milan Airport

International Herald Tribune

BRUSSELS — Italy faces legal action on Wednesday over its plan to move foreign airlines to the Malpensa airport, 50 kilometers (30 miles) from Milan, while allowing Alitalia, the state carrier, to continue operating from the Linate airport at the edge of the city.

Nine European airlines complained that the action was discriminatory, and the European Commission, the executive body of the European Union, upheld their position, saying that Italy had not provided suitable road and rail links to Malpensa.

An EC spokesman said that the talks had broken down, and that the

Italian government was likely therefore to be legally censured when the commission convened a meeting on Wednesday.

The European airlines said the Italian decision meant that Alitalia could continue to serve its hub in Rome from Linate, putting them at a serious disadvantage in transporting passengers to their hubs elsewhere in Europe.

Italy has ordered the foreign airlines to shift their operations to Malpensa by Oct. 25.

Travelers say it takes about an hour and a half, under normal traffic conditions, to reach Malpensa by road from Milan, compared with a trip of 20 minutes to Linate.

GERMANY: Schroeder Abandoning His New Middle Strategy

Continued from Page 1

card at hand. For some, this might seem an abrupt or troubling shift, a vanishing conviction. But apparently not for Mr. Schroeder, or a potentially winning slice of the German electorate that, over the years, has seen him move from Marxism to a seat on the Volkswagen supervisory board, from opposition to the Gulf War to condemnation of Saddam Hussein, and now — for the time being, at least — from talk of too much statism and government intervention to promises of new subsidies and restoring old benefits.

In spite of a couple of unsophisticated comparisons, Mr. Schroeder was never even a little bit Tony Blair, who won election in Britain in total control of his party and having promised virtually full acceptance of the profound changes Margaret Thatcher had brought to the welfare state, job market and national mind-set.

In a country where few of these reforms have taken hold, and where Mr. Schroeder is flanked to the right and left by the status quo arguments of the Christian Democrats and the Old Left relatives of Oskar Lafontaine, the Social Democrats' party chairman, the candidate never reached beyond generalities concerning the New Middle in the evaporated early phases of the campaign.

Concepts emphasizing the need for social change in German life, like Mr. Schroeder's previous assertion that only half the work force would have secure full-time jobs in 15 years, could not get near the rostrum now.

The candidate actually might be pleased these days with his earlier observation, seemingly made in regret then, that as far as his party goes, "public opinion has yet to take on this change that shows how we've understood the omnipotent and interventionist state doesn't have its place in the current circumstances."

In Frankfurt, Mr. Schroeder tells the crowd in substance that he would increase family allowances, bring back a tax on the rich, turn around limitations on sick pay, and remove options for the middle-sized companies to cut back on staff.

On one side he holds up as an example for scorn wealthy tax cheats who flee the country with their profits from speculation, and on the other, "the real strength of Germany, the millions of people who do their job every day — and who have got to get relief."

"The current international crises show that nothing works without social justice," he says. "Some say the German Model is dead. Not me."

For a Social Democratic member of Parliament, who acknowledges the change in approach, it essentially involves "the normal polarization you always get at the end of a campaign," and a greater role in it for Mr. Lafontaine.

He was described recently by Peter

Gerhard Schroeder discussing a setback in Bavarian voting at a news conference in Bonn. He called it a wake-up call for his Social Democrats.

in hunting down centrist votes. The party now points as well to supposed signs of Mr. Schroeder's gathering weakness that include the ineffectiveness of his approximately 20 campaign appearances in Bavaria over the past month, and the similar failure of his presence to help party candidates in regional and local elections in Saxony-Anhalt and Schleswig-Holstein earlier in the year.

The Allenbach Institute, often described here as a conservative-oriented opinion research organization, described the New Middle as a failed concept in terms of serving as an evocative rallying point for Mr. Schroeder.

In a report for the Frankfurter Allgemeine Zeitung, it found that 83 percent of its sample did not know what the slogan means; only 12 percent thought they belonged to the group. 39 percent believed they did not, and more than half felt it did not concern them.

A reporter asked a man standing under a bright red umbrella at the front of the crowd at the candidate's rally in Frankfurt what he hoped for from him.

The answer came back at once: "That he beats the hell out of Kohl."

Up on stage later, Mr. Schroeder worked the one theme that was total certainty he would not change.

Enough, he said, let's be finished with him.

"I ask you, when is better than now?"

proper — the oldest city in the world — the casino offers a Hobson's choice. Jobs there pay almost double the wages of day labor in Israel, when it can be had. But for some they are tainted jobs.

To be frank, we are not proud to say we work in the casino," said Mazen, 21, a janitor at Oasis who would not give his last name. "All the neighbors say, 'Better you should starve, that it's dirty money. But what's my opinion? I have a B.A. in accounting and I'm unemployed.'

Squatting on a box in her convenience store, Umohammed Merayi said: "Why is Israel refusing the casinos and we are permitting?" I hope by God's will that this place will be destroyed."

And hers was by no means the strongest antipathy in town.

"We are a small town, a peaceful people, mostly Puritans," said Saeb Erekat, a close adviser to Mr. Arafat and a Jericho resident. "We're scared that this will bring crime, mafia, drugs, prostitution." The casino is the first part of a planned resort complex. Investors include Casinos Austria, which is partly owned by the Austrian government, several European investors and some Palestinians.

One-third of the shares are indirectly held by the Austrian National Bank, and the deal was cemented during a visit to Austria by Mr. Arafat. A Palestinian official said a company owned by Mr. Arafat's economic adviser, Khaled Salama, held an almost 30 percent share, but Casinos Austria representatives said Mr. Salama was not a shareholder.

"You've heard of the Dead Sea?" he said, sitting in front of a row of Johnnie Walker Scotch bottles and musing about conditions since the Palestinian uprising that began in late 1987. "We are a dead town," he said. "Before the intifada, Israelis used to come here all the

Tuesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.

The 2,600 most traded stocks of the day.
nationwide prices not reflecting late trades elsewhere
The Associated Press.

NYSE

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INTERNATIONAL M

By August, 1900.

NEW YORK stock market executive search firm with half century record of success in finding top executives for major corporations.

But over here
breath leaves us.

uncertain
the chaffier
to make them
looks very difficult

Exercise
so that if the work
prolonged during
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"If the system were to change in was to be
if corporations are to be controlled

about pay for personal
should not be an alternative
compensation to delivery of
dish Fischer

Fischer, publisher of the *Workers' Compensation Report*. "But I think health needs will start springing up all over the place," he does not rule out.

Even before the second edition, for example, some very early work was done from specimens

soon plans that require us to average performance better than we partly out of fear that the market is overheated.

"I have seen some
cold feet," said Robert
president of SCA Committee
Los Angeles, who

many recent executive
plans that set tangible
goals, whose form has
been determined by
executives.

2. Ferracane and others

CURRE

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10

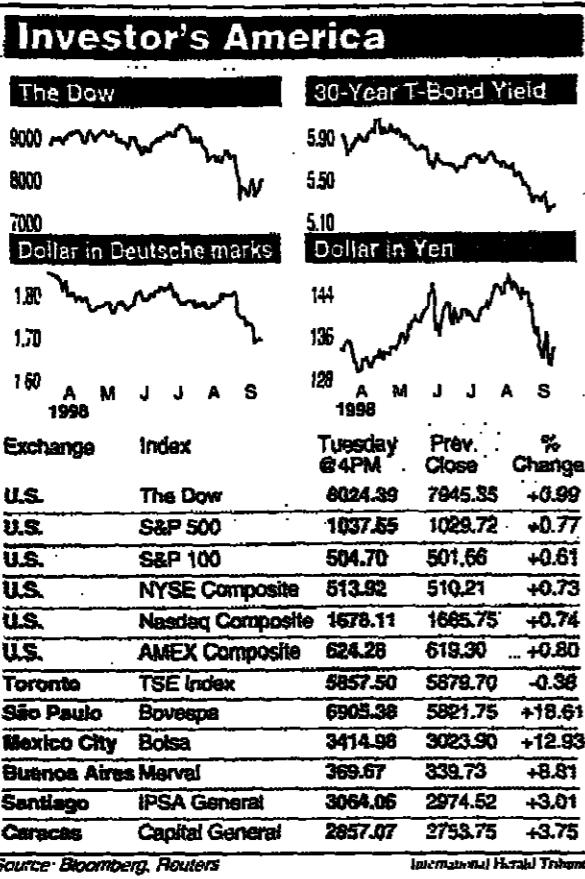
1968

Other Dollar Values

Forward Rates

1. The following table gives the number of cases of smallpox reported in each State and the District of Columbia during the year 1881.

Continued on Page 18

**Very briefly:**

• Moody's Investors Service Inc. is considering cutting Boeing Co.'s credit rating on \$6.8 billion of debt as production problems dog the planemaker and as Asia's economic crisis increases the risk that sales there slow. The agency also cited Boeing's "continuing poor operating performance."

• U.S. West Inc. is in cooperation talks with Telecom Italia SpA, the Italian company said, adding that it was pursuing similar talks with other potential American partners.

• Chase Manhattan Mortgage Corp., a unit of Chase Manhattan Corp., is buying Mellon Mortgage Co.'s retail network of 26 offices for an undisclosed sum.

• Best Buy Co. plans to open about 40 stores in its 2000 financial year, thanks to strong earnings by the electronics and appliance retailer, including second-quarter net profit of \$4.1 million, up from \$6.6 million in the like quarter last year.

• Bank One Corp. and First Chicago NBD Corp. shareholders overwhelmingly approved the two banks' \$20.6 billion merger, a day after the Federal Reserve Board approved the deal on condition the combined company, with \$230 billion in assets, divest 39 branches in Indiana.

• Quark Inc. abandoned an attempt to buy the rival software developer Adobe System Inc., citing market conditions and Adobe's opposition to the deal.

AP, Reuters, Bloomberg

The Trib Index					
Prices as of 4:00 PM New York time					
Jan 1, 1992 = 100	Level	Change	% change	year to date	% to date
World Index	174.35	+0.17	+0.10	+1.30	+1.30
Regional Indexes					
Asia/Pacific	72.23	-0.06	-0.08	-24.82	
Europe	210.20	-0.16	-0.08	+8.89	
N. America	174.97	-80.58	-25.71	-18.99	
S. America	89.31	+12.90	+16.88	+41.50	
Industrial Indexes					
Capital goods	240.05	+1.38	+0.58	+16.21	
Consumer goods	215.80	+1.37	+0.64	+2.89	
Energy	195.60	+1.18	+0.61	+0.33	
Finance	114.15	-0.33	-0.29	-7.16	
Miscellaneous	145.70	+0.51	+0.35	+2.79	
Raw Materials	166.67	+1.20	+0.73	+3.34	
Services	189.95	+2.70	+1.44	+8.97	
Utilities	162.43	+3.12	+1.96	+2.66	

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries. Compiled by Bloomberg News

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The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries. Compiled by Bloomberg News

AMEX

Tuesday's 4 P.M. Close
The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press

Date	Open	High	Low	Last	Chg
Aug 25	125	127	124	124	-1.00
Aug 26	125	127	124	124	-1.00
Aug 27	125	127	124	124	-1.00
Aug 28	125	127	124	124	-1.00
Aug 29	125	127	124	124	-1.00
Aug 30	125	127	124	124	-1.00
Aug 31	125	127	124	124	-1.00
Sep 1	125	127	124	124	-1.00
Sep 2	125	127	124	124	-1.00
Sep 3	125	127	124	124	-1.00
Sep 4	125	127	124	124	-1.00
Sep 5	125	127	124	124	-1.00
Sep 6	125	127	124	124	-1.00
Sep 7	125	127	124	124	-1.00
Sep 8	125	127	124	124	-1.00
Sep 9	125	127	124	124	-1.00
Sep 10	125	127	124	124	-1.00
Sep 11	125	127	124	124	-1.00
Sep 12	125	127	124	124	-1.00
Sep 13	125	127	124	124	-1.00
Sep 14	125	127	124	124	-1.00
Sep 15	125	127	124	124	-1.00
Sep 16	125	127	124	124	-1.00
Sep 17	125	127	124	124	-1.00
Sep 18	125	127	124	124	-1.00
Sep 19	125	127	124	124	-1.00
Sep 20	125	127	124	124	-1.00
Sep 21	125	127	124	124	-1.00
Sep 22	125	127	124	124	-1.00
Sep 23	125	127	124	124	-1.00
Sep 24	125	127	124	124	-1.00
Sep 25	125	127	124	124	-1.00
Sep 26	125	127	124	124	-1.00
Sep 27	125	127	124	124	-1.00
Sep 28	125	127	124	124	-1.00
Sep 29	125	127	124	124	-1.00
Sep 30	125	127	124	124	-1.00
Sep 1	125	127	124	124	-1.00
Sep 2	125	127	124	124	-1.00
Sep 3	125	127	124	124	-1.00
Sep 4	125	127	124	124	-1.00
Sep 5	125	127	124	124	-1.00
Sep 6	125	127	124	124	-1.00
Sep 7	125	127	124	124	-1.00
Sep 8	125	127	124	124	-1.00
Sep 9	125	127	124	124	-1.00
Sep 10	125	127	124	124	-1.00
Sep 11	125	127	124	124	-1.00
Sep 12	125	127	124	124	-1.00
Sep 13	125	127	124	124	-1.00
Sep 14	125	127	124	124	-1.00
Sep 15	125	127	124	124	-1.00
Sep 16	125	127	124	124	-1.00
Sep 17	125	127	124	124	-1.00
Sep 18	125	127	124	124	-1.00
Sep 19	125	127	124	124	-1.00
Sep 20	125	127	124	124	-1.00
Sep 21	125	127	124	124	-1.00
Sep 22	125	127	124	124	-1.00
Sep 23	125	127	124	124	-1.00
Sep 24	125	127	124	124	-1.00
Sep 25	125	127	124	124	-1.00
Sep 26	125	127	124	124	-1.00
Sep 27	125	127	124	124	-1.00
Sep 28	125	127	124	124	-1.00
Sep 29	125	127	124	124	-1.00
Sep 30	125	127	124	124	-1.00
Sep 1	125	127	124	124	-1.00
Sep 2	125	127	124	124	-1.00
Sep 3					

BHF-Bank Sells Major Stake to ING Groep

By John Schmid
International Herald Tribune

FRANKFURT — Germany's tradition-rich BHF-Bank AG, influential but too small to survive alone in an age of colossal bank mergers, has sold a major stake to the Dutch financial services giant ING Groep NV, the two banks announced Tuesday.

Reflecting its stature in the German banking community, the Bundesbank looked to BHF this year when it needed to fill its second-most important position, that of chief economist. It hired Hermanus Reesbergen, BHF's chief economist, to replace Otmar

Issing in that job at the German central bank.

Mr. Issing now works as chief economist in Frankfurt's Eurotower at the European Central Bank, in turn making Mr. Issing one of the Continent's most important economic leaders.

Long seen as a takeover candidate, BHF-Bank has chosen a path with its new partner that is certain to accelerate the merger-and-acquisition frenzy among the world's biggest banks.

The deal strikes particularly close to home in BHF's headquarters city of Frankfurt. It fires another warning shot that the global wave of bank consolidation even-

tually is expected to change the corporate faces of such big institutions as Deutsche Bank AG, Dresdner Bank AG and Commerzbank AG, which are all but certain to be looking for partners.

The BHF-Bank has been a reputable house of finance for many years, often operating in the shadows of its bigger rivals. Its trading room remains one of the most influential in Germany's finance metropolis. It was also one of the first to be active in Eastern Europe after the fall of the Iron Curtain.

Even after the merger of Bavaria's two biggest banks to create HypoVereinsbank AG, the nation's new No. 2 bank on the stock market based on current share values.

exchange, BHF remains the sixth biggest and has an elite clientele.

ING and BHF jointly announced that ING had finished the acquisition of a 34.5 percent stake in BHF from the German consortium of Allianz AG, Munich Reinsurance AG and DG Bank AG.

Analysis doubt that ING, which wants to expand in Germany, would be satisfied with only a minority stake.

ING also announced that it could buy further stakes in BHF, although it said it entertains no plans to take majority. ING said the total stake is worth 2.5 billion Deutsche marks (\$1.47 billion) based on current share values.

Thomson-CSF Plans Major Restructuring

Reuters

PARIS — The newly privatized French defense electronics company Thomson-CSF said Tuesday that it was embarking on a far-reaching restructuring that could lead the company into a loss this year.

The company made the forecast as it announced first-half profit, which fell 50 percent from a year earlier and was below predictions. Net income slumped to 275 million francs (\$48.3 million) from 551 million francs, but the drop was due in large part to the absence of a capital gain this year.

Sales rose slightly, to 16.48 billion francs from 16.40 billion in the first half of last year, and the order book declined slightly in the half, to 72.3 billion francs from 72.9 billion francs at the end of December.

Thomson-CSF's shares rose on the announcements, finishing up 3.20 francs at 203.20.

In the first half of 1997, Thomson-CSF benefited from a 172-million-franc contribution from the chipmaker STMicroelectronics NV and from the sale of investment certificates in Credit Lyonnais.

Denis Ranque, the new chairman of Thomson-CSF, said he planned to unveil in the next few weeks restructuring measures aimed at the integration of some defense electronics activities of Alcatel SA. Aérospatiale and Dassault Electric. These will take place in 1998 and have a positive effect starting in 2000, he said.

Mr. Ranque said there would also be further restructuring and asset write-downs "to achieve faster our goals of profitability improvements in this period of rapid reorganization movements in the defense and aerospace industries in France and Europe."

The restructuring plan, and the exact size of the provisions, are expected to be detailed in the next two months.

Because of the change in structure, the company said it was difficult to predict full-year performance.

It said that for the second half of 1998 it was "in battle order" with a balance sheet geared toward creating shareholder value while concentrating on core activities.

Following a June privatization and restructuring deal, state-owned Thomson SA retains a 40.03 percent stake in Thomson-CSF. The state holds a direct stake of one special share. Aérospatiale has a 3.87 percent stake, Dassault Industries 5.81 percent, Alcatel 15.8 percent, 32.9 percent is traded on the Bourse, and employees hold 1.53 percent.

Investor's Europe



Source: Telekurs International Herald Tribune

Very briefly:

• British Telecommunications PLC, Britain's largest telephone company, will record a £1 billion (\$1.08 billion) pretax profit in the quarter ending Sept. 30 related to the sale of its 20 percent stake in MCI Communications Corp. to WorldCom Inc., for which it expects to receive \$7 billion in cash.

• Audi AG, Volkswagen AG's luxury car unit, sold Cosworth Racing, the racing unit of British car-engine maker Cosworth, to Ford Motor Co. for an estimated £10 million. The racing unit makes engines for Formula One and Indy Car competition.

• Thyssen Krupp Stahl AG dropped its bid for a majority stake in Cockerill Sambre SA, Europe's eighth-largest steel company. France's Usinor SA is the only remaining bidder for some of the 79 percent of Cockerill owned by the Walloon government of the French-speaking southern half of Belgium.

• Standard Bank Investment Corp., South Africa's second-largest bank by assets, will close its 46 Stannie branches, which mainly arrange loans for vehicle purchases, cutting as many as 980 jobs.

• Saga Petroleum ASA will take a one-time charge to profit of 1.6 billion kroner (\$212 million), mainly because the Norwegian company paid too much for Santa Fe Exploration (U.K.) Ltd., an oil production and exploration company.

• British inflation hit the government's target of 2.5 percent in August, boosting speculation that interest rates, among the highest in Europe, could be set to come down. Consumer prices rose 0.4 percent in August from July and 2.5 percent on a 12-month comparison, the Office for National Statistics said.

• iXOS Software, a company that develops software to enhance SAP AG's business software systems, applied for a dual listing on Frankfurt's Neuer Markt and the Nasdaq stock market. The company is based in Munich and San Mateo, California.

• France's economy added 64,000 jobs during the second quarter, as stronger domestic demand and corporate investment prompted companies to hire more workers, the government said.

Bloomberg, AFP

Three Banks Merge to Form Norway's Largest

Compiled by Our Staff From Dispatches

OSLO — Christiania Bank ASA, Fokus Bank ASA and the state-owned Postbanken said Tuesday they would merge in a bid to cut costs and widen their impact.

The merger will create the largest bank in Norway. With assets of 302 billion kroner (\$39.84 billion), it will surpass Den norske Bank ASA, currently the largest, which had total assets of around 250 billion kroner at the end of June.

Christiania shareholders will hold 61.1 percent of the new bank, while Fokus shareholders get 19.2 percent.

The Norwegian state, which owns all of Postbanken and 51 percent of Christiania, will get a combined stake of "just over" 50 percent.

A spokesman for Postbanken said it was unlikely that the government of Prime Minister Kjell Magne Bondevik would block the merger because the government has maintained a neutral policy on bank mergers to date.

"In an unstructured banking sector, pressure has been mounting for consolidation, and rising interest rates and falling oil prices are increasing that pressure," said Rod-

ney Alfvén, an analyst at Swedbank Markets in Stockholm.

The Norwegian banking industry is relatively fragmented compared with neighbors such as Sweden.

The new bank will be based in the central city of Trondheim, where Fokus Bank is located. The chief executive of Christiania Bank, Tom Rund, will serve as chief executive of the merged bank, while the chief executive of Postbanken, Tormod Hermansen, will become chairman,

said a Postbanken spokesman.

In a joint statement, the banks said they expected to cut costs by 1 billion kroner annually and to keep individual identities.

Postbanken's name and profile will be maintained, and Fokus's and Christiania's activities will be continued under regional brand names, the banks said.

Share trading in Christiania and Fokus was suspended on the Oslo Stock Exchange until Wednesday at

the companies' request. State-owned Postbanken does not trade.

"This is likely to be supportive for the banks' ratings," said Olivier Szwarzberg of Barclays Capital. Combining the three banks, he said, will "mark a further step in the Scandinavian banking sector consolidation, creating Norway's largest and a bank closer to par with Sweden's largest, which continue to dominate the area."

(Bloomberg, Bridge News)

GKN Deals Armored Business to Alvis

Compiled by Our Staff From Dispatches

LONDON — GKN PLC announced a £78 million (\$130.8 million) deal Tuesday to fold its armored vehicles business into the specialist manufacturer Alvis PLC, taking a 29.9 percent stake.

Alvis will buy GKN's Britain's third-largest defense company, 31.88 million Alvis shares, making GKN the biggest Alvis shareholder. Alvis, which makes Scorpion armored vehicles, will assume £15 million in GKN debt.

"In an unstructured banking sector, pressure has been mounting for consolidation, and rising interest rates and falling oil prices are increasing that pressure," said Rod-

ney Alfvén, an analyst at Swedbank Markets in Stockholm.

The Norwegian banking industry is relatively fragmented compared with neighbors such as Sweden.

The new bank will be based in the central city of Trondheim, where Fokus Bank is located. The chief executive of Christiania Bank, Tom Rund, will serve as chief executive of the merged bank, while the chief executive of Postbanken, Tormod Hermansen, will become chairman,

said a Postbanken spokesman.

In a joint statement, the banks said they expected to cut costs by 1 billion kroner annually and to keep individual identities.

Postbanken's name and profile will be maintained, and Fokus's and Christiania's activities will be continued under regional brand names, the banks said.

Share trading in Christiania and Fokus was suspended on the Oslo Stock Exchange until Wednesday at

Cost-Cutting and Increased Demand Triple Renault Profit

Bloomberg News

PARIS — Renault SA said Tuesday its first-half profit almost tripled, buoyed by cost reductions and rising demand for its Megane and Clio models in Europe.

Europe's sixth-largest carmaker earned 4.44 billion French francs (\$780.2 million), up from 1.67 billion francs in the first half last year.

"In an unstructured banking sector, pressure has been mounting for consolidation, and rising interest rates and falling oil prices are increasing that pressure," said Rod-

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The Norwegian banking industry is relatively fragmented compared with neighbors such as Sweden.

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Share trading in Christiania and Fokus was suspended on the Oslo Stock Exchange until Wednesday at

the companies' request. State-owned Postbanken does not trade.

"This is likely to be supportive for the banks' ratings," said Olivier Szwarzberg of Barclays Capital. Combining the three banks, he said, will "mark a further step in the Scandinavian banking sector consolidation, creating Norway's largest and a bank closer to par with Sweden's largest, which continue to dominate the area."

(Bloomberg, Bridge News)

Michelin Net Falls And Shares Plunge

Compiled by Our Staff From Dispatches

PARIS — Michelin SCA, the world's largest tire company, said Tuesday that first-half profit fell nearly 13 percent as the recession in Asia more than offset booming demand for truck tires in North America and Europe.

The company reported net earnings of 1.63 billion francs (\$286.4 million) in the first half, down from 1.87 billion francs a year earlier. Sales rose to 41.02 billion francs from 38.41 billion francs.

The company's shares plunged 10 percent to 11,200 francs, down from 12,400 francs.

Michelin said it expected its results to improve in the second half of the year.

(Bloomberg, Reuters)

WORLD STOCK MARKETS

Tuesday, Sept. 15 Daily prices in local currencies, Telekurs

High Low Close Prev.

Amsterdam AEX Index 1814.70 1814.70 Previous: 1813.44

ABN-AMRO 38.30 38.30 37.80 38.00

Argon 15.70 15.70 15.70 15.70

Axa Nobis 50.70 50.70 50.70 50.70

Alfa Romeo 80.70 80.70 80.70 80.70

ASML Ultimo 35.70 35.70 35.70 35.70

ATM 17.70 17.70 17.70 17.70

Avon 26.00 26.00 25.90 26.20

Banca Intesa 20.70 20.70 20.70 20.70

Barclays 14.70 14.70 14.70 14.70

BNP Paribas 14.70 14.70 14.70 14.70

Credit Agricole 14.70 14.70 14.70 14.70

Credit Suisse 14.70 14.70 14.70 14.70

Deutsche Börse 14.70 14.70 14.70 14.70

Deutsche Telekom 14.70 14.70 14.70 14.70

Daimler-Benz 14.70 14.70 14.70 14.70

Daimler-Benz 14.70 14.70 14.70 14.70

Daimler-Benz

NASDAQ

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Tuesday's 4 P.M. Close
(Continued)

| 12

2019 Q4																			
12 Month High		12 Month Low		Stock		Div Yld		PE		S5		High		Low		Latest		Chg%	
High	Low	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	High	Low	Latest	High	Low	Chg%		
61%	1%	Pokmon	42%	21	26	20%	20	205	74%	74%	-1%	74%	74%	74%	74%	74%	+1%		
22%	14%	PonPacif	1.52	1.52	28	20	492	170%	170%	170%	170%	170%	170%	170%	170%	170%	+1%		
41%	14%	PomerBry	24	14	43	40	4000	120%	120%	120%	120%	120%	120%	120%	120%	120%	+1%		
23%	7%	PortoP	17	2	549	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	+1%		
34%	10%	PortNET	20	25	11	11	2916	57%	54%	54%	54%	54%	54%	54%	54%	54%	+1%		
27%	2%	PortOM	40	21	17	17	4000	25%	25%	25%	25%	25%	25%	25%	25%	25%	+1%		
50%	39%	PortOM	26	29	9	730	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	+1%		
10%	11%	PortOM	120	103	26	26	2622	12%	11%	11%	11%	11%	11%	11%	11%	11%	+1%		
77%	39%	PortOM	19	19	140	100	1000	8%	8%	8%	8%	8%	8%	8%	8%	8%	+1%		
11%	10%	PortOM	1	1	21	199	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	+1%		
52%	21%	PortOM	42	42	65	65	65	65	65	65	65	65	65	65	65	65	+1%		
10%	11%	PortOM	10	10	60	60	7121	2%	2%	2%	2%	2%	2%	2%	2%	2%	+1%		
81%	9%	PortOM	9	7	24	24	24	24	24	24	24	24	24	24	24	24	+1%		
14%	7%	PortOM	100	25	17	25	25	25	25	25	25	25	25	25	25	25	+1%		
45%	19%	PortOM	14	14	466	71%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	+1%		
21%	12%	PortOM	1.92	1.92	17	991	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	+1%		
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44%	17%	PortOM	152	14	571	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	+1%		
74%	50%	PortOM	24	24	24	24	24	24	24	24	24	24	24	24	24	24	+1%		
14%	7%	PortOM	48	19	61	14	14	14	14	14	14	14	14	14	14	14	+1%		
23%	17%	PortOM	10	10	14	14	14	14	14	14	14	14	14	14	14	14	+1%		
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23%	17%	PortOM	10	10	14	14	14	14	14	14	14	14	14	14	14	14	+1%		
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74%	50%	PortOM	24	24	24	24	24	24	24	24	24	24	24	24	24	24	+1%		
14%	7%	PortOM	48	19	61	14	14	14	14	14	14	14	14	14	14	14	+1%		
23%	17%	PortOM	10	10	14	14													

Ringgit Rule Tightened

APEC Officials

Before We go

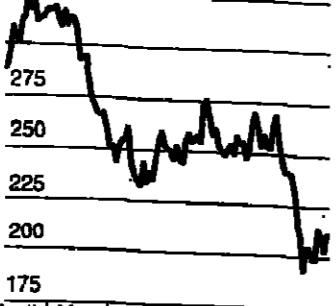
INTERNATIONAL INVESTING

Signs of Higher Profit Stir Talk of Rebound in Tech Stocks

Technology Turn

The Philadelphia Semiconductor Index has shown signs of recovering after falling almost 40 percent since April.

\$25



April | May | June | July | Aug.
Source: Bloomberg Financial Markets

New York Times Service

NEW YORK—Investors have seized on some unexpected good news from Intel, Oracle and National Semiconductor to drive technology shares higher.

Upsets surprises have been few and far between in recent months, so there is a strong incentive among prospective stock buyers to extrapolate a recovery in technology from these three data points.

Indeed, some analysts said that so many companies had either warned of poor results to come or had reported earnings below estimates in the quarters ending in March and June that a sizable number would now beat Wall Street's diminished expectations for September and December.

Whether that kind of performance qualifies as a recovery is still open to discussion.

Look at Intel Corp., which said last week that its third-quarter sales would be

8 percent to 10 percent higher than the \$5.9 billion reported in the second quarter, rather than flat, as it suggested earlier. While 10 percent sequential revenue growth is enormous, it is in comparison to the weak June quarter, which showed no revenue growth over the period a year earlier and a 29 percent drop in technology from those three data points.

Corporate sales would be up over earlier forecasts because of strong August orders. But it noted that orders were still down 30 percent from the previous year.

For its part, Oracle Corp. announced per-share earnings that were several cents above analysts' estimates, thanks primarily to stronger-than-expected license revenue from its traditional database business. But in applications, where Oracle has placed its hopes for growth, revenue was flat, and the company still lags behind rivals like PeopleSoft Inc. and

SAP AG of Germany. Oracle remains the dominant database company, but that market is widely regarded as mature.

Nevertheless, many analysts are ready to call a bottom. The Philadelphia Stock Exchange semiconductor index, which peaked in April, nearly three months earlier than the broader technology sector as reflected by the Nasdaq composite index, may also turn out to be an early indicator of a market turnaround.

The Philadelphia index has gained 12.6 percent since hitting its 52-week low of 190.04 points during trading Sept. 1.

The pickup in National Semiconductor's orders was primarily in the company's personal computer-based product lines, said Mark Edelstone of Morgan Stanley Dean Witter.

"The PC inventory correction is over, and PC demand is seasonally higher in the second half of the year," he said, adding, "Intel is the first company to get healthy.

The rest of the industry still lags."

Mr. Edelstone said he did not expect many positive surprises in the semiconductor business in the third quarter, but he does in the fourth.

"In the second quarter, more than 20 semiconductor companies pre-announced negatives," he said, "55 percent were below estimates. I think we can cut that number in half."

Michael Murphy, editor of the California Technology Stock Letter, takes an even more bullish view. "What's going to happen going forward is what we're seeing today," he said.

Technology companies could flourish even as blue-chip companies head into recession because they are typically driven by product cycles rather than economic cycles. With Microsoft Corp.'s release of Windows 98 in May, and its anticipated release of Windows NT 5.0 next year, more corporations are likely to upgrade

personal computers. That push will ripple through the industry, Mr. Murphy said, giving a lift to makers of semiconductors, disk drives and software.

John Rossi, a managing director with BancAmerica Robertson Stephens, said technology stocks were the first to fall as a result of the Asian crisis but might also be the first to recover.

"The blue-chip companies took longer to feel the effects of Asia," he said, "but next year a lot of these companies will do the bulk of their spending to fix year 2000 problems."

While saying that technology companies could prosper even in an economic downturn, Roger McNamee, a principal in Integral Capital Partners, which specializes in technology stocks, but took a more cautious view. Personal computer technology, he said, "is the likely place people will do triage in terms of capital spending."

In Cyberspace, as in Cartoons, It Pays to Look at the Bubble

By Jerry Knight
Washington Post Service

WASHINGTON — Everyone who reads "Doonesbury" knows how the Internet start-up game is played!

As the cartoonist Garry Trudeau pointed out when he introduced readers to his satiric start-up, Mikim Inc., profit is beside the point. Revenue is nice, but not really necessary. Growth is measured by the "burn rate": in cyberspace, success means spending money faster than the company did last quarter or last year.

By those standards, E-Net Inc., a company based in the northern suburbs of Maryland whose products allow people to make phone calls over the Internet or on corporate data-communications networks, is Mr. Trudeau's kind of company.

At E-Net, revenue rose 32 percent last year, to \$723,000, although expenses rose much more — by 300 percent, to \$4.2 million. The company has never made a profit, and E-Net officials refuse to speculate on when it will make money.

When the "Doonesbury" charac-

ter Mike tallied similar results for his fictional Mikim, he founded with his partner Kim, she exulted: "Another Internet success story!"

"Just think what we must be worth!" Mike added.

For shareholders of E-Net, "Just think what we were worth," would be more like it. On Aug. 17, a week before the "Doonesbury" segment began, E-Net's stock hit a record high of \$19 a share. Since then, the price has fallen to around \$3.

Talk about burn rates. In the past four weeks, 85 percent of E-Net shareholders' investment has evaporated, but a lot of that may have been vapor to begin with. When the stock was at its peak, E-Net had a market value of more than \$160 million — or 200 times the total sales last year.

Only in cyberspace and satiric cartoons did anyone argue that a start-up company could be worth 200 times its annual revenue. Not only did Internet stock analysts accept that premise, they even declared it a guiding principle.

Vik Grover, an analyst at Kaufman Bros. L.P. in New York, in June

predicted that E-Net stock could hit \$20 a share. Why? Because the stocks of its key rivals already were trading at equally stratospheric levels.

Mr. Grover has since decided that "the valuation model was not correct" — an understatement indicative of the way analysts talk. Another example: On Aug. 20, Mr. Grover reduced his rating on E-Net stock from "buy" to "hold." In analystspeak, "hold" generally means "sell." Investors who understand the jingo dumped the stock then, when it was selling for \$16 a share.

Mr. Grover and many other investors became enthralled with E-Net because a publication called LAN News did some Consumer Report-style testing and decided that its products were the best in their field.

One of E-Net's products is a \$1.99 black box that hooks up to a home computer. When two computers equipped with the boxes are linked over the Internet, users can make long-distance phone calls without paying long-distance phone charges.

The real target of E-Net's business, however, is business. Big companies are enthusiastic about

how much they could save on their phone bills by routing calls over corporate data networks.

A handful of other start-up companies are developing similar systems, but E-Net's system is considered by Mr. Grover and other analysts to be one of the most promising.

Turning a promising Internet technology into a stock worth 200 times E-Net's revenue required considerable help from the Net itself, however. Yahoo lists some 900 postings about the company's stock, most of them apparently from amateur investors taken with the company's technology and lure of free long-distance calls.

It is those Internet-influenced investors who got burned by the fall of E-Net stock. But all the signs had been there, on the Internet.

Like any company burning capital, E-Net needed to keep raising money. Last April 16 it disclosed that it had received \$5.1 million by selling 750,000 shares for \$7.50 each to the Pennsylvania Merchant Group, an investment firm.

Because the stock was sold privately and not registered with the

Securities and Exchange Commission, it could not be traded and did not dilute investors' holdings.

But on Aug. 25 E-Net disclosed in filings available on the Internet that it had registered those shares and two other batches, dumping an additional 1.125 million shares on the market.

A few days later, with the stock down to \$9, *TheStreet.com*, a Web site for investors, warned that E-Net stock might plunge when the freshly registered shares were unloaded.

In fact, sources said, investors who held the newly issued stock already had cashed in their investment before the shares were even registered, when the stock was still trading in the high teens.

Selling unregistered stock is illegal, but what some investors are believed to have done was to get out in advance by short-selling — that is, borrowing stock from someone else and then selling it. Usually, short-sellers "cover" their positions and repay the stock loans by purchasing the stock later at a lower price. But in this case, they simply used the newly registered shares to repay the stock loans.

FX CONCEPTS

We are pleased to announce that Wilbur Kim has joined the company as Senior Vice President in charge of Investment Management and Sales.

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September 15, 1998
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119 MERRILL LYNCH BANK (SWITZERLAND)	128 BANCA PIRELLI MANAGEMENT	138 BANCA POPULARE DI MILANO	148 BANCA POPULARE DI MILANO	158 BANCA POPULARE DI MILANO	168 BANCA POPULARE DI MILANO	178 BANCA POPULARE DI MILANO	188 BANCA POPULARE DI MILANO	198 BANCA POPULARE DI MILANO	208 BANCA POPULARE DI MILANO	218 BANCA POPULARE DI MILANO	228 BANCA POPULARE DI MILANO	238 BANCA POPULARE DI MILANO	248 BANCA POPULARE DI MILANO	258 BANCA POPULARE DI MILANO	268 BANCA POPULARE DI MILANO	278 BANCA POPULARE DI MILANO	288 BANCA POPULARE DI MILANO	298 BANCA POPULARE DI MILANO	308 BANCA POPULARE DI MILANO	318 BANCA POPULARE DI MILANO	328 BANCA POPULARE DI MILANO	338 BANCA POPULARE DI MILANO	348 BANCA POPULARE DI MILANO	358 BANCA POPULARE DI MILANO	368 BANCA POPULARE DI MILANO	378 BANCA POPULARE DI MILANO	388 BANCA POPULARE DI MILANO	398 BANCA POPULARE DI MILANO	408 BANCA POPULARE DI MILANO	418 BANCA POPULARE DI MILANO	428 BANCA POPULARE DI MILANO	438 BANCA POPULARE DI MILANO	448 BANCA POPULARE DI MILANO	458 BANCA POPULARE DI MILANO	468 BANCA POPULARE DI MILANO	478 BANCA POPULARE DI MILANO	488 BANCA POPULARE DI MILANO	498 BANCA POPULARE DI MILANO	508 BANCA POPULARE DI MILANO	518 BANCA POPULARE DI MILANO	528 BANCA POPULARE DI MILANO	538 BANCA POPULARE DI MILANO	548 BANCA POPULARE DI MILANO	558 BANCA POPULARE DI MILANO	568 BANCA POPULARE DI MILANO	578 BANCA POPULARE DI MILANO	588 BANCA POPULARE DI MILANO	598 BANCA POPULARE DI MILANO	608 BANCA POPULARE DI MILANO	618 BANCA POPULARE DI MILANO	628 BANCA POPULARE DI MILANO	638 BANCA POPULARE DI MILANO	648 BANCA POPULARE DI MILANO	658 BANCA POPULARE DI MILANO	668 BANCA POPULARE DI MILANO	678 BANCA POPULARE DI MILANO	688 BANCA POPULARE DI MILANO	698 BANCA POPULARE DI MILANO	708 BANCA POPULARE DI MILANO	718 BANCA POPULARE DI MILANO	728 BANCA POPULARE DI MILANO	738 BANCA POPULARE DI MILANO	748 BANCA POPULARE DI MILANO	758 BANCA POPULARE DI MILANO	768 BANCA POPULARE DI MILANO	778 BANCA POPULARE DI MILANO	788 BANCA POPULARE DI MILANO	798 BANCA POPULARE DI MILANO	808 BANCA POPULARE DI MILANO	818 BANCA POPULARE DI MILANO	828 BANCA POPULARE DI MILANO	838 BANCA POPULARE DI MILANO	848 BANCA POPULARE DI MILANO	858 BANCA POPULARE DI MILANO	868 BANCA POPULARE DI MILANO	878 BANCA POPULARE DI MILANO	888 BANCA POPULARE DI MILANO	898 BANCA POPULARE DI MILANO	908 BANCA POPULARE DI MILANO	918 BANCA POPULARE DI MILANO	928 BANCA POPULARE DI MILANO	938 BANCA POPULARE DI MILANO	948 BANCA POPULARE DI MILANO	958 BANCA POPULARE DI MILANO	968 BANCA POPULARE DI MILANO	978 BANCA POPULARE DI MILANO	988 BANCA POPULARE DI MILANO	998 BANCA POPULARE DI MILANO	1008 BANCA POPULARE DI MILANO	1018 BANCA POPULARE DI MILANO	1028 BANCA POPULARE DI MILANO	1038 BANCA POPULARE DI MILANO	1048 BANCA POPULARE DI MILANO	1058 BANCA POPULARE DI MILANO	1068 BANCA POPULARE DI MILANO	1078 BANCA POPULARE DI MILANO	1088 BANCA POPULARE DI MILANO	1098 BANCA POPULARE DI MILANO	1108 BANCA POPULARE DI MILANO	1118 BANCA POPULARE DI MILANO	1128 BANCA POPULARE DI MILANO	1138 BANCA POPULARE DI MILANO	1148 BANCA POPULARE DI MILANO	1158 BANCA POPULARE DI MILANO	1168 BANCA POPULARE DI MILANO	1178 BANCA POPULARE DI MILANO	1188 BANCA POPULARE DI MILANO	1198 BANCA POPULARE DI MILANO	1208 BANCA POPULARE DI MILANO	1218 BANCA POPULARE DI MILANO	1228 BANCA POPULARE DI MILANO	1238 BANCA POPULARE DI MILANO	1248 BANCA POPULARE DI MILANO	1258 BANCA POPULARE DI MILANO	1268 BANCA POPULARE DI MILANO	1278 BANCA POPULARE DI MILANO	1288 BANCA POPULARE DI MILANO	1298 BANCA POPULARE DI MILANO	1308 BANCA POPULARE DI MILANO	1318 BANCA POPULARE DI MILANO	1328 BANCA POPULARE DI MILANO	1338 BANCA POPULARE DI MILANO	1348 BANCA POPULARE DI MILANO	1358 BANCA POPULARE DI MILANO	1368 BANCA POPULARE DI MILANO	1378 BANCA POPULARE DI MILANO	1388 BANCA POPULARE DI MILANO	1398 BANCA POPULARE DI MILANO	1408 BANCA POPULARE DI MILANO	1418 BANCA POPULARE DI MILANO	1428 BANCA POPULARE DI MILANO	1438 BANCA POPULARE DI MILANO	1448 BANCA POPULARE DI MILANO	1458 BANCA POPULARE DI MILANO	1468 BANCA POPULARE DI MILANO	1478 BANCA POPULARE DI MILANO	1488 BANCA POPULARE DI MILANO	1498 BANCA POPULARE DI MILANO	1508 BANCA POPULARE DI MILANO	1518 BANCA POPULARE DI MILANO	1528 BANCA POPULARE DI MILANO	1538 BANCA POPULARE DI MILANO	1548 BANCA POPULARE DI MILANO	1558 BANCA POPULARE DI MILANO	1568 BANCA POPULARE DI MILANO	1578 BANCA POPULARE DI MILANO	1588 BANCA POPULARE DI MILANO	1598 BANCA POPULARE DI MILANO	1608 BANCA POPULARE DI MILANO	1618 BANCA POPULARE DI MILANO	1628 BANCA POPULARE DI MILANO	1638 BANCA POPULARE DI MILANO	1648 BANCA POPULARE DI MILANO	1658 BANCA POPULARE DI MILANO	1668 BANCA POPULARE DI MILANO	1678 BANCA POPULARE DI MILANO	1688 BANCA POPULARE DI MILANO	1698 BANCA POPULARE DI MILANO	1708 BANCA POPULARE DI

Herald Tribune INTERNATIONAL SPORTS

WEDNESDAY, SEPTEMBER 16, 1998

WORLD ROUNDUP

Counterbids Flag

SOCCER Expectations of a swift counterattack by a rival bidder to Rupert Murdoch's BSkyB for the English club Manchester United faded Tuesday as two rumored candidates stepped off the field.

The U.S. investment bank Salomon Smith Barney said it had advised a "potential client" that had asked for information on the club to return to the headlines until a review by British competition authorities had been completed. Time Warner and the British commercial TV company Granada have been widely rumored in the British press as potential rivals to BSkyB.

Earlier, another potential bidder, the U.S. advertising giant Interpublic Group, denied it was in the running to trump BSkyB's \$223.4 million (\$1.04 billion) bid. (Reuters)

Poles Say No to Russians

SOCCER Spartak Moscow was delayed by six hours on its way to a European Champions' League match at Graz, Austria, when Poland refused their charter flight permission to enter its airspace Tuesday night. Having taken off at 11 A.M., the Russians found themselves back in Moscow three hours later fixing a documentation problem before taking off again. Polish authorities reportedly refused to give the flight permission to enter Polish airspace because of debts owed by the charter company Grunov-Air. (Reuters)

Pakistani Steps Away

CRICKET Pakistan's Wasim Akram, one of the world's great all-rounders, has quit international cricket in a bid to clear his name over match-fixing allegations. He has not ruled out a return to the world stage in the future, but says he may need a two- or three-year break. (APF)

Slugfest of the Century

Sosa Could Get a Last Shot at McGwire

By Dave Anderson
New York Times Service

NEW YORK — The day before the All-Star Game in Denver, Sammy Sosa was sitting with Ken Griffey Jr. in the interview area at Coors Field when he was asked whether he, Mark McGwire or Griffey had the best chance to break Roger Maris's record of 61 homers this season.

"I have my money on Mark McGwire," said Sosa, the Cubs' smiling slugger. "Griffey, I know you boy, but —"

At the time, McGwire, who had hit 58 homers a year ago, had 37.

Griffey had 35 and Sosa 33. "We have another half to go," Sosa said. "Who knows? I might be the one, Griffey might be the one, or Mark."

Like everybody else, Sosa was talking about the one man who might break Maris's record. It never occurred to

VANTAGE POINT

him, or to anyone else, that two slingers might hit 62 homers this season, much less that they would have done it with two weeks left in the schedule.

Against the Pirates in St. Louis on Tuesday, McGwire, the Cardinal first baseman, had two singles but no homers. Sosa, the Cub right fielder, was hitless in San Diego, striking out four times.

In past seasons, when the days have dwindled to a precious few, baseball has had some memorable permanent races and batting-title races. But it has never had a home run race anything like what Sosa has suddenly created in his day-to-day deal with McGwire.

Instead of chasing Maris's record, McGwire and Sosa are now racing each other to whatever the eventual record might be — 65, 67, 70 or beyond — when the season ends on Sept. 27. And Sosa may get the last shot because his season might not end then.

If the Cubs end up in a playoff with

the Mets or Giants for the National League wild-card berth, Sosa would get an extra game. If he were to hit any homers in a wild-card playoff game (but not a division playoff), they would count in his season total.

In the final two weeks, McGwire will have to hope there is no recurrence of the back spasms that forced him to leave Sunday's game. He was back in the lineup on Monday night in St. Louis, saying he felt fine.

Now there will be different psychological factors that would seem to help and hurt both Sosa and McGwire.

The urgency of the Cubs' drive for the wild-card berth should help Sosa maintain his concentration. But of his remaining 12 games, only three are at Wrigley Field. He has hit 35 homers there, one every 8.37 at-bats, including four in three games against the Brewers over the weekend.

On the road, Sosa has hit 27 homers, one every 11.11 at-bats. After the four-game series in San Diego that opened on Monday night, the Cubs were to return to Wrigley Field for three weekend games with the Reds, then finish the season next week with two games in Milwaukee and three in Houston.

Although the Cardinals have no wild-card aspirations, they play 10 of their final 13 games at Busch Stadium, where they opened a four-game series with the Pirates on Monday night and where McGwire has thrived. With 32 homers there, he has one every 7.31 at-bats.

The Cardinals go to Milwaukee this weekend for three games, then return to St. Louis for two games against the Astros and four against the Expos.

Over the season, McGwire has hit five homers against Houston, two each against Milwaukee and Pittsburgh and one against Montreal. Sosa has hit 10 against Milwaukee, 4 against Cincinnati, 3 against Houston and 2 against San Diego.

Until Sosa's surge last weekend, McGwire had always maintained his lead by responding to Sosa's homers with

homers of his own. Now he must respond just to get ahead of Sosa again. Whatever happens down the stretch, this home run race promises to be more compelling than the last weeks of the 1927 season, when Babe Ruth hit 60, and the 1961 season, when Maris hit 61.

Going into September 1927, Ruth had 43 homers, Lou Gehrig 41. In a Sept. 6 doubleheader in Fenway Park, Gehrig hit his 45th for the lead but the Babe quickly hit three — his 45th, 46th and 47th. The next day the Babe hit two more, then added 11 in his final 20 games for 60.



Mike Blake/Reuters
Sosa heading for the dugout after striking out in the sixth in San Diego.

Gehrig hit only two more for 47.

In 1961, Maris had 56 and Mantle 53 in September when Mantle developed a severe hip abscess from a flu shot. He missed 18 games, finishing with 54 homers. For both Maris and Ruth, there was no September pennant-race urgency. In 1961, the Maris-Mantle Yankees won the American League pennant by 8 games; in 1927, the Ruth-Gehrig Yankees won by 19 games. And now, after all their homers and all their moments, the chase is over for Mark McGwire and Sammy Sosa, but their race for the record has just begun.

Elusive 63d, Will It Be?

By Ed Guzman
New York Times Service

SAN DIEGO — The great home run chase to Qualcomm Stadium in the form of Sammy Sosa, the newest member of the 62 home run club.

But initiation of a 63d home-run fraternity would have to wait another day, as the Cub right fielder went 0-for-4 with four strikeouts in a 4-3 loss to the Padres on Monday night.

A crowd of 60,515 came to watch Sosa, although only 23,943 were paying customers. It was part of a promotion in which fans could use unused tickets from previous Padre games. The promotion was scheduled long before Sosa made baseball history, and fans took advantage of it for a feel of the home run fever. Paying or not, the crowd was lively and rambunctious, filling the air with chants of "Sammy! Sammy!"

Every time he struck out, Padre fans would both cheer and boo, cheering Sosa for his efforts and boozing the pitcher.

The evening came to a dramatic climax in the eighth inning. After the Cubs tied the score at 3-3 on a one-out home run by Jose Hernandez, Mark Grace reached base on an error to bring Sosa up to the plate. The Padre manager, Bruce Bochy, countered with the right-hander, Dan Miceli, who had given up Sosa's fourth home run of the season in April.

Miceli wasted no time, challenging Sosa with fastballs and striking him out on four pitches, the last one swinging, to keep the score tied. Ken Caminiti then led off the bottom of the inning with a homer that would give the Padres the victory.

Sosa later said that he just gave the bat with which he hit his historic home runs to the Hall of Fame, despite reservations. "I hit 59, 60, 61 and 62 with it," Sosa said. "But when they told me that it would be close to the bats of Mark McGwire and Roger Maris, I said, 'O.K.'"

McGwire Fans Are Uneasy

Ira Berkow of The New York Times reported from St. Louis:

Cardinal fans are concerned that the spectacular home run race between Mark McGwire and Sosa that was supposed to be finished is heating up again, and perhaps not entirely to their liking.

"People are saying Sosa will pass McGwire," said Darren Dalton, a bartender. "Sosa's on a roll, and Mark's back is hurting."

There had been a question whether McGwire, who had suffered a back spasm in Sunday's game against Houston and was taken out in the fifth inning, was going to play at all on Monday night, as the Cards played host to the Pirates.

But before the game, McGwire reported that his back was fine. He hit several balls out of the park in batting practice, and he was at his customary station, first base, as the game began.

He did not do his customary damage, hitting no home runs in four times at bat against the last-place team in the National League East. McGwire went 2 for 4, with two singles, two runs batted in, one strikeout and no walks, as the Cardinals won, 7-3.

As to whether McGwire would play both games of a doubleheader on Tuesday, LaRussa said: "I doubt he'll be out there for 18 innings with an aching back. He'll play one of the games. Which one will depend on who the pitchers are."

Since McGwire hit his record-breaking 62nd home run last Tuesday, he is 3 for 18 in six games, with three walks and seven strikeouts. In that time, Sosa has hit four home runs to tie him. McGwire has now gone six games without hitting a home run. The longest he has gone this season without a homer is 10 games.

3 Teams Battling for Playoffs All Lose

The Associated Press
After battling all summer for playoff position, Boston, Texas and Toronto are feeling the heat of September.

The three teams in the thick of the playoff race all lost Monday night, with the Red Sox and the Rangers failing even to score.

"This is what September baseball is all about," said the Texas starter, Aaron Sele, who lost to Baltimore, 1-0. "They're not playing for much. Here

we come in and have a tight race and they can knock us off. That's all the motivation they need."

Texas fell two games back of AL West-leading Anaheim.

Baltimore managed just three hits off Orlando Hernandez. Almost a lock to make the playoffs as the wild card a few weeks ago, the Red Sox have lost 9 of 11 as charging Toronto has the lead to three games. Hernandez (10-4) struck out nine and walked none as the Yankees beat Boston's ace, Pedro Martinez

(18-6), for the second time in a week.

Indians 5, Blue Jays 3 The Blue Jays entered with 14 victories in 17 games, but could not solve the Indians' starter, Dwight Gooden, who won his fifth straight decision.

Angels 4, Devil Rays 2 Todd Greene and Garret Anderson hit RBI doubles during a four-run eighth inning as Anaheim ended a three-game losing streak by winning in Tampa Bay.

Royals 16, Athletics 6 In Kansas City, Mike Sweeney and Jeff King hit three-run homers, and Dean Palmer drove in four runs for the Royals.

Mariners 10, Twins 3 Mac Suzuki (1-1) got his first major league victory, and Russ Davis hit a three-run homer as Seattle won in Minnesota, which lost its fifth straight. Ken Griffey Jr., who leads the AL with 51 homers, went 0-for-5.

White Sox 17, Tigers 16 Chicago's Ray Durham and Craig Wilson led off the 12th inning with homers off Doug Bochtler (0-2).

■ 7th Straight Title for Braves

Ho-hum, another division title for the Atlanta Braves. Add one for the Houston Astros, too, albeit later than they hoped. The Braves made it seven straight division titles, taking the NL East with a 4-2 victory over the Philadelphia Phillies.

How expected was it? The clincher attracted only 33,367 fans, the second-

smallest crowd at Turner Field in Atlanta since May 28.

Atlanta added to its record of consecutive division titles when Tom Glavine became the NL's first 19-game winner. Chipper Jones and Michael Tucker homered for the Braves.

Mets 7, Astros 4 The Astros lost in 13 innings but also got to break out the champagne for winning their second straight NL Central title. Houston clinched the championship when second-place Chicago lost to San Diego, a defeat that dropped the Cubs into a tie with the Mets for the wild-card lead.

A crowd of 24,241 at the Astrodome was ready to party when Houston took a 4-2 lead into the ninth. But Brian McRae hit a tying two-run homer in the ninth, then added a two-run double in the 13th as the Mets delayed the celebration.

Diamondbacks 14, Giants 2 In Phoenix, Travis Lee drove in five runs as Arizona took a 14-0 lead in the third inning. San Francisco's most lopsided loss this season left it 3½ games behind in the wild-card race.

Brewers 2, Reds 1 Jeremy Burnitz hit his 37th home run and an RBI double as Milwaukee won at Cincinnati.

Expos 4, Marlins 2 Brad Fullmer hit a three-run homer, and host Montreal sent Florida to its 16th loss in 18 games.

Dodgers 4, Rockies 1 Carlos Perez pitched his third straight complete game as host Los Angeles beat Colorado.



Bob Miller/Associated Press
A fan with Sammy Sosa's 62d home run ball flees down a street.

It's Wild in the Streets Outside Wrigley

The Associated Press

CHICAGO — The home run battle between Sammy Sosa and Mark McGwire is nothing compared to the fierce battle inside Wrigley Field for slamming Sammy's blasts into the streets surrounding the stadium.

When Sammy Sosa launched his 62d home run onto Waveland Avenue on Sunday, dozens of fans made a pile, then bit and kicked and punched until one guy emerged with the baseball.

Three people now claim to be the rightful owner. "Only in Chicago," said a police spokesman.

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MAJOR LEAGUE STANDINGS	
AMERICAN ASSOCIATION	
EAST DIVISION	
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I'm No More

SPORTS

Half a World Away, They're Watching

European Soccer/ROB HUGHES

KUALA LUMPUR — The Champions League is all things to all men. In steamy Kuala Lumpur, provided no Malaysian medal hope in the Commonwealth Games is stirring the nation on Wednesday, soccer from Europe, played at a pace and with a commitment that the oppressive Asian air precludes, will hold huge viewing audiences.

The fans here can't wait to see how Real Madrid, the defending champion, copes with Inter Milan and Ronaldo. The fans talk, often as if they have shares in the property, of "their" team Manchester United and how, whether Ruud van Nistelrooy or anyone else takes over, there will always be only one United.

So Wednesday's European action, full of intrigue and two mighty first-round games, needs only a television set and a subscription to the right channel to view on the far side of the globe.

It will not be an easy argument to the man in charge of the gymnastics hall press center at the Commonwealth Games, trying to persuade him that the Real vs. Inter battle is the more compelling encounter. For he wears, beneath his suit, a Red Devils Man United tie.

And he knows that now that his team has paid \$20 million for the Caribbean goal-scoring flair of Dwight Yorke, it cannot fail to win the European title this time. He's willing to bet on United's starting off on Wednesday with a thumping great victory over Barcelona.

Manchester United last won the European Cup in 1968. The Malaysian man placing the bet may have been at school then. But he knows, you see. They all know everything about European soccer.

Sure, they also know that this year, last year, right through the '90s, the odds are stacked on an Italian winner. It happens with religious regularity. During the decade so far, Italy has captured 13 European pieces of sil-

verware, Spain five, Germany four, France and the Netherlands two each and Red Star Belgrade once took the prize home to Yugoslavia.

But when you are talking the big one, the Champions Cup, no English team has been to the final in this time; Italy has fought the final game every year for the last seven years.

And still the trumpeters proclaim

England's to be the premier league,

still the huge media moguls fight over

the rights to own, and thus to screen,

Manchester United, Arsenal et al.

The Murdoch bid for United is \$1 billion. For less than that, a man might even take the poisoned chalice of coaching for his country. Jose Camacho, not too long ago a defender on the pitch for Real Madrid and just a swallow ago offered the job of coaching the team there, has taken on the task of coaching Spain.

You and I might, too, since the offer is a cool \$500,000 a year for two years. Yet Luis Aragonés, a much more senior man than Camacho, a club coach just about everywhere in Iberia, turned it down. He says he's retired, and he almost means it.

At his side is Ivan Zamorano, the wily Chilean striker who once was released by Real Madrid and did not like the sight that he was past it. And behind them lurks Roberto Baggio, a player-reborn with a mission to prove a whole host of clubs wrong in thinking his European nights were all past tense.

Some of us will be watching from a distance of several thousand miles. It only takes the push of a button to see what Baggio's got and to admire or criticize it as if we were right there. Small world.

Rob Hughes is the chief sports writer of *The Times of London*.

more than an hour to find new posts and get the game on.

That not only means the star players' kicking their heels warming up and warming down and back up again. Its ripples were felt on every continent where TV operators, advertisers and, last and usually least, fans, waited and waited for the farce to be righted. Those who live by the television handouts cannot, surely, expect to bring an hour's darkness around the globe and go unpunished for it?

Lorenzo Sanz, apparently did. The Real president, he mutters that UEFA will regret ordering Madrid to play one match out of the Bernabeu Stadium.

The regrets will be Real Madrid's if, having replaced its coach since winning UEFA's grand prize, it succumbs to Inter Milan on "neutral" ground.

At least Madrid last weekend managed a 1-0 Spanish league victory at Valladolid, its first away victory in 10 months. The scorer, almost inevitably, was Predrag Mijatovic.

Now Mijatovic's partner, Raul Gonzales, warns his colleagues and fans against concentrating solely on the Ronaldo threat. He's right there: Ronaldo, seeking a place to shine to get over his World Cup trauma in June, is far from lonely.

At his side is Ivan Zamorano, the wily Chilean striker who once was released by Real Madrid and did not like the sight that he was past it. And behind them lurks Roberto Baggio, a player-reborn with a mission to prove a whole host of clubs wrong in thinking his European nights were all past tense.

Some of us will be watching from a distance of several thousand miles. It only takes the push of a button to see what Baggio's got and to admire or criticize it as if we were right there. Small world.

Rob Hughes is the chief sports writer of *The Times of London*.

Australia Says Olympic Athletes Won't Go to Jail for Drugs

Compiled by Our Staff From Dispatches

SEOUL — Seeking to defuse a conflict with the International Olympic Committee, Australian Olympic officials promised Tuesday that athletes would not go to jail if they tested positive for drugs at the 2000 Sydney Games.

John Coates, president of the Australian Olympic Committee, gave the assurance after IOC officials expressed opposition Monday to his proposals for possible criminal sanctions for drug cheats. The IOC insisted that only traffickers and dealers should be prosecuted, while athletes should be sanctioned by sports bodies alone.

"At no time have I proposed that

athletes who test positive for drugs should go to jail," Coates said. "The only time an athlete would ever find themselves in prison is if they had a commercial or trafficking amount of drugs."

Coates denied that his proposals, announced last month in Australia, called for two-year jail terms for athletes caught using steroids. He said he was pushing for Australian laws to be changed so that penalties for "hard sports drugs" were as strict as those for narcotics.

Possession or personal use of individual doses of performance-enhancing drugs could result in criminal action, but only in fines, not jail, Coates said.

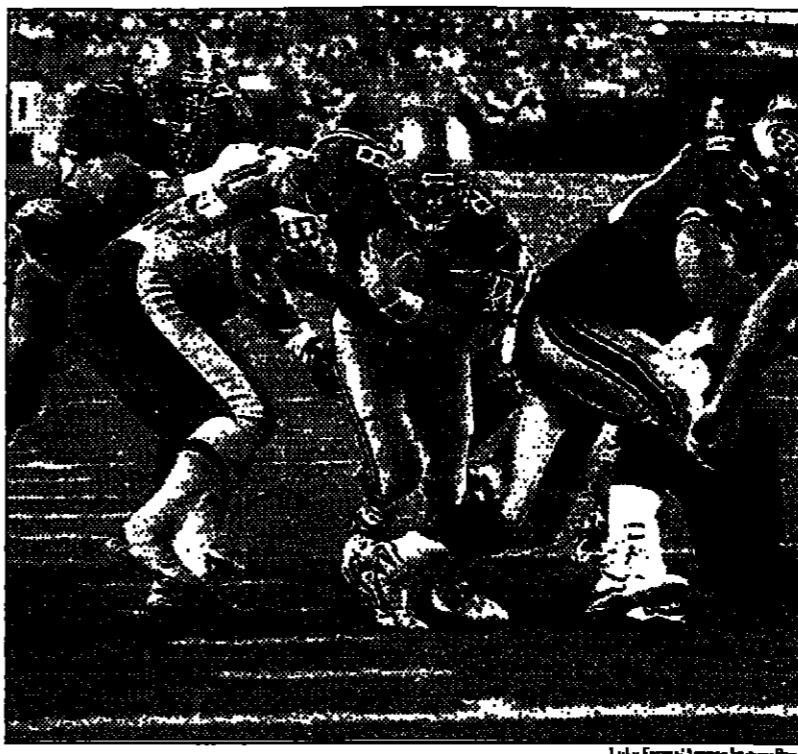
During the Sydney Olympics, any athlete testing positive for drugs would be subjected to existing IOC rules, including disqualification from the Games.

But an Olympic athlete involved in supplying or selling drugs to others could face criminal prosecution.

The IOC director-general, Francois Carrard, said the committee agreed with Australia's position as long as it applied to pushers and not users.

Jacques Rogge, the IOC official responsible for coordinating the organization of the 2000 Games, added: "We don't want the police in the stadium stands."

(AP, Reuters)



Steve Young scoring easily against the Redskins on a quarterback sneak.

The Australians Roll On, Adding 5 Swim Golds

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Call them the sweepmeisters.

Australia won all five golds in the pool for the second time in the 16th Commonwealth Games on Tuesday, scooping all three medals in two of the races.

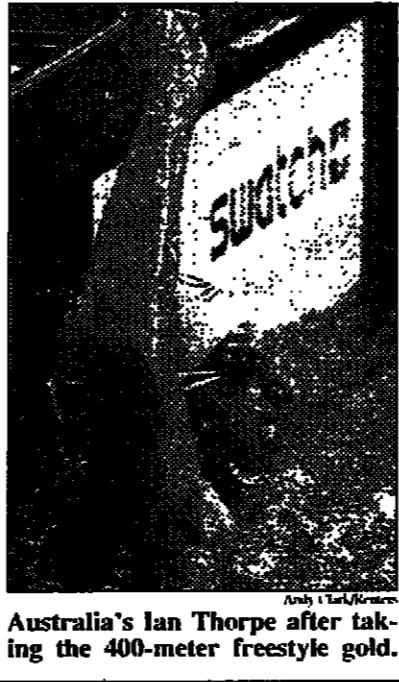
After four days of swimming, Don Tabot's team has won 17 of 20 golds,

with more to come.

Ian Thorpe won two golds to take his tally to four, and he and Grant Hackett recorded the second and third fastest times ever for 400 meters.

Michael Klim moved up to three golds, and the only negative was that Susie O'Neill remained stuck on four.

Beaten by a countrywoman, Petria Thomas, in the 100 butterfly, she re-



main on eight titles from four Games, one short of Mike Wenden's swim record of nine.

It was a dream day for the Australians, who also crushed India at cricket, guaranteed a squash gold medal with two women in the final and won golds at cycling and shooting.

Outside the pool, the tropical heat enveloping the first Games in Asia took a toll. An Indian cricketer was hospitalized with heat exhaustion, and two team officials and a fan from other nations were hospitalized with dengue fever.

Steve Waugh scored an unbeaten 100 and shared in an unbroken sixth wicket-stand of 171 with Tom Moody as the Australians overwhelmed India by 145 runs to reach the cricket semifinal. India's opener, Aramy Khurresa, collapsed from heat stroke while fielding.

In the semifinal, Australia will meet New Zealand, which scored 215 for eight and then bowled Pakistan out for 134 to win by 81 runs. (AP, Reuters)

49ers Too Much For Redskins In Every Way

By Thomas George

New York Times Service

LANDOVER, Maryland — It was not just Trent Green versus Steve Young. No, that alone was not the problem for the Washington Redskins.

And it was not just the Redskins' shaky offense versus the San Francisco 49ers' muscular defense, or the Redskins' over-matched defense trying to keep pace with the 49ers' primed offense.

No, the problem on Monday night was simply the Washington Redskins versus the San Francisco 49ers. The game. The teams. The talent. The schemes. The focus. The execution.

It was a blowout, a 45-10 victory for the 49ers — Coach Norv Turner's worst loss in his five-year tenure in Washington and the Redskins' worst home loss since 1948. The 76,798 fans at Jack Kent Cooke Stadium must be wondering what is next for Washington after it crashed to 0-2.

Green, the Redskins' quarterback, made his first start. He connected on 14 of 24 passes for 201 yards and a touchdown, but it was not nearly enough. After leaping ahead by 7-0, Washington fell behind by 21-10 at halftime.

Faulkback Marc Edwards caught a 2-yard pass from Young in the third quarter that made it 28-10. Then in the final quarter, San Francisco scored 17 consecutive points.

Young was masterly (21 for 32 for 303 yards with 3 touchdowns), Garrison Hearst was efficient (22 carries, 138 yards) and the 49ers' general was sensational.

They managed this against a revamped Washington defense. The Redskins paid \$57 million in the off-season for two defensive tackles, the former 49er Dana Stubblefield and the former Bengal Dan Wilkinson.

"They pounded us," said Stubblefield. "It's as simple as that."

■ 2 Major Losses to Injuries

The Green Bay Packers and Minnesota Vikings, both now 2-0, were hardly in a celebratory mode after each team learned that a vital player in its offense was injured far more seriously than initially reported Sunday. The Washington Post reported.

The star Packer running back, Dorsey Levens, sprained an ankle and broke a bone in his right leg against Tampa Bay. He could be lost for six weeks to a team that was struggling to run the ball even with him in the lineup.

The news was similarly discouraging for the Viking quarterback Brad Johnson, who broke a bone near the ankle in his right leg against the St. Louis Rams and will be out about four weeks. Both players first were said to have ankle sprains until tests revealed further damage.

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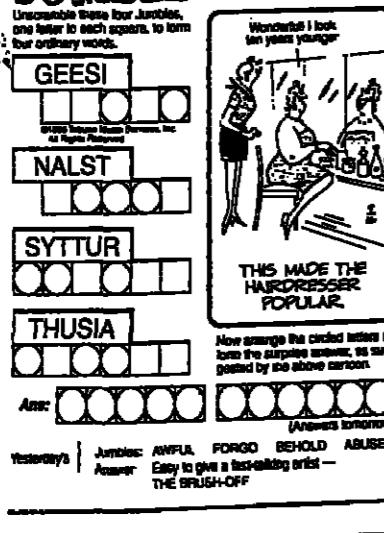
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OBSERVER

Mark Meets the Babe

By Russell Baker

NEW YORK — In the course of being interviewed half-to-death this week, Mark McGwire began speculating on the next world. One of these days, he said, he hoped to meet Babe Ruth there and talk with him about hitting home runs.

McGwire had clearly not thought this through at the time, and no wonder. With millions of people cheering him and millions of dollars about to flow through his bank account, he can hardly have been in a reflective mood about the perils of afterlife.

One of the gravest is the likelihood that hardened old afterlife habitués may not want to be badgered by newcomers eager to talk shop. Look at it from Babe Ruth's point of view:

"Every day he has to put up with vile and tireless haranguing from the insatiable Ty Cobb. He is sick and tired of hearing Ty say that any muscular lout can hit home runs, but only an artist can do what Ty Cobb could do."

To shake the churlish Cobb, the Babe sneaks off to a bosky retreat that's not too well lit. I have trouble visualizing afterlife geography but I clearly see a beer keg in this retreat. It is Paradise, after all, isn't it?

So the Babe is hunkered down in a banquette with, oh, say this lady, not one of his wives, from the Ziegfeld chorus line. And who comes over to talk baseball but Casey Stengel, doing his "Old Professor" number, which is to say, talking baseball nonstop and making no sense whatever.

New York Times Service

Sale of Reader's Digest Art

New York Times Service

NEW YORK — The Reader's Digest Association will auction off an estimated \$100 million worth of Impressionist and 20th-century works from its art collection, including some by such masters as Cezanne, Monet, Modigliani and Matisse.

While Sotheby's and Reader's Digest declined to comment on the auction, scheduled for November in New York, art experts said the house had been chosen to sell the works in a special evening sale during the height of the fall art season. The auction is a big coup for Sotheby's, which competed fiercely for it against Christie's.

But the choice, experts said, was an obvious one, since Sotheby's has been working with Reader's Digest for years, doing its appraisals and last May selling two paintings — a Monet and a van Gogh — which totaled \$6.2 million. Around the same time, Reader's Digest also sold a Bruegel still life privately.

The collection was collected by the publisher's founders, Lila Acheson Wallace and her husband, DeWin Wallace, beginning in the 1940s. The highlights include two Modigliani portraits, a Matisse still life, a Cezanne landscape, two Monets — a landscape he painted at Vetheuil and one of his famous water lilies — and a van Gogh, which the artist painted in Auvers-sur-Oise in 1890.

The decision to sell now is partly timed to take advantage of the strong prices realized at auctions of the last several years.

Brush With Greatness: Is Painting a Leonardo?

By Jo Ann Lewis
Kirkland Post Service

WASHINGTON — Sometime in the past few weeks, anticipating controversy, a senior curator at London's National Gallery quietly rewrote the label on one of the gallery's lesser Renaissance paintings. The brush of Leonardo, it now says, might possibly be there.

Scholarly art books rarely make news. But the British curator assumed that new revelations by the curator of the National Gallery in Washington, David Alan Brown, would cause a dust-up in London. And the curator was right. Stories have landed on the front pages of *The Times* of London and the *Observer*, and in papers in Australia.

The stories trumpet Brown's claim that the National Gallery in London owns a painting by the young Leonardo da Vinci — perhaps his first — and didn't know it.

Brown's just-released book, "Leonardo da Vinci: Origins of a Genius," argues that the curly-haired figure of Tobias in the London gallery's "Tobias and the Angel," an early 15th-century Italian Renaissance painting attributed to the painter and sculptor Andrea del Verrocchio, was actually painted by Verrocchio's gifted student Leonardo, then 16.

Brown also credits the young da Vinci with the animated, wavy-haired dog and wild-eyed fish in the painting.

If Brown is right, London's "Tobias and the Angel," which he dates to 1468, is the long-sought "first" painting by the Renaissance master. With only 20 paintings now attributed to Leonardo, the possible discovery of a new one — and one from so early in his career — is bound to be news.

Even Leonardo could not have arrived, full-blown, out of the head of Zeus," Brown said. "He had to start somewhere."

Art historians have, in fact, been arguing about what Leonardo (1452-1519) did or didn't paint since 1550, when the Italian painter and historian Giorgio Vasari wrote the first myth-shrouded account of Leonardo's "divine gift." To this day, little is known about this illegitimate boy wonder from Vinci. Especially scant are facts, and paintings, dating from the formative decade from age 14 on, when Leonardo spent as an apprentice and then assistant and collaborator to Florence's leading sculptor, Verrocchio.

It was to gain insight into that embryonic period, and the first glimmerings of Leonardo's genius, that Brown undertook this scholarly quest. And through a masterly mix of visual argument and dogged scholarship, he brings those years, and the paintings they produced, vividly to life.

In the process, Brown also comes up with some news from Washington, where he has been National Gallery curator of Renaissance painting for 25 years: He claims that one-third of the gallery's great portrait of Ginevra de' Benci, the only painting by Leonardo in the Western Hemisphere, is missing.

No need to panic. Since 1967, when the National Gallery acquired (for a record \$1 million) this mesmerizing portrait of the pale, beautiful 16-year-old daughter of a Florentine banker, scholars have known that the damaged lower portion of the wood panel was long ago sawed off. Until now, however, no one has figured out how much of the portrait was missing, or what was painted there.

With the aid of a computer and Brown's painstaking scholarship, gallery imaging technicians have managed to create a computer-generated reconstruction of the original "Ginevra," showing how it probably once looked with the missing eight inches attached. Brown has given her long elegant



HAROLD ROBERTS/THE WASHINGTON POST

David Alan Brown, with the "Ginevra de' Benci" at the National Gallery.

hands, gracefully crossed at the wrist, holding a single flower.

The flower is generic, since there is not a clue as to what species it might have been. But Ginevra's new hands were lifted from an impeccable source: a metal-point drawing by Leonardo himself, now in Windsor Castle. Long suspected of being a study for the now-lost hands in the Ginevra portrait, the drawing proves to be a convincing and perfectly positioned fit.

With the help of another new technology, Brown has also made an unexpected discovery about the genesis of the "Ginevra" portrait. Uncovered while examining the painting of the laurel wreath and banner on the back of this two-sided panel, it provides absolute proof that Bernardo Bembo, the Venetian ambassador to Florence and Ginevra's platonic lover, was involved in the commission of this work, as had only been surmised.

Using a thermal imaging camera, Brown discovered Bembo's personal motto, "Virtue Honor," buried beneath the top layer of paint. Painted over it is what we see today — Latin words that extol Ginevra's virtue and beauty. Brown now believes that the

front was a marriage portrait, and that the back was painted later to celebrate the courtly platonic love affair between Ginevra and Bembo, which was also described in contemporary sonnets.

In an interview last week, Brown said his purpose in writing yet another book on Leonardo — there are hundreds — was to sort out and codify the artist's early works, about which no comprehensive work has been published. "I'm interested in his creativity, and these are the earliest signs," said Brown. "I felt the 'Ginevra' and the 'Annunciation' in the Uffizi couldn't possibly be the artist's first works because they were too accomplished."

He began by taking a harder look at the paintings attributed to Verrocchio and his workshop, where collaboration between master and students was the norm. He soon isolated several trademark characteristics that separated Leonardo's brushwork from that of Verrocchio, who increasingly turned to his prize student to complete commissions that came his way. It helped that Leonardo had begun to use the then-new medium of oil paint (which Verrocchio never did), and his experiments left telltale signs.

"Sometimes he used finger painting to blend shadows and achieve an overlay of atmosphere, which later became known as his famous sfumato," Brown said. There are also areas of wrinkled paint in "Tobias," as elsewhere — the result of the top layer drying before those beneath it. "If he'd fully understood the properties of oil paint, it wouldn't have happened," Brown said. "But he was teaching himself as he went along."

Most visible to the rest of us, however, is Leonardo's passion for curly and wavy hair.

To clinch the argument in his book, Brown compares close-up photographs of these painted curls with some left-handed Leonardo drawings of flowing water and "Deluge Studies." Clearly, for Leonardo, the swirling forms of hair and rushing water could be rendered identically — and often were.

So far, Brown's new theories have encountered no audible opposition. But that takes time, he cautions. "You make a proposal and then see if a consensus builds around it." Given the strength of his argument and credentials, a consensus seems more likely. The great Leonardo scholar Piero Marani, curator of the Brera Museum in Milan, has already written Brown that "I completely agree" with his new "Tobias" attribution, and will say so in an upcoming book.

PEOPLE

ABOUT 35,000 fans and guests bade farewell to the film director Akira Kurosawa at a memorial service at his studio in Yokohama, Japan. About 4,000 guests inside the studio heard a eulogy delivered from the gold-room set used for one of the director's greatest films, "Ran." Kurosawa, whose works included "The Seven Samurai," "Kagemusha," "Rashomon" and "Yojimbo," died on Sept. 6 at the age of 88.

Sweden celebrated King Carl XVI Gustaf's 25 years on the throne on Tuesday, although festivities were quiet and intimate compared with a gala event in June marking the anniversary prematurely. The 52-year-old king celebrated with his family, Nordic heads of state and foreign diplomats. Crown Princess Victoria flew home from her studies at Yale University in

the United States, joining Queen Silvia, Prince Carl Philip and Princess Madeleine. The king had organized a larger event on the Swedish national holiday, June 6, so as not to conflict with the current general election campaign, which ends with the polls on Sunday.

Kevin Spacey, who triumphed as Hickey in Eugene O'Neill's "The Iceman Cometh" at the Almeida Theatre in London and then moved with the play to the Old Vic, is joining the board of the historic Old Vic. One of the world's most famous stages, the Old Vic was spared its final curtain this summer by a charitable trust created to preserve it.

After eight performances — actually seven and two-thirds, because one was halted by rain — Zhang Yimou's much-publi-

cized production of "Turandot" in the Forbidden City in Beijing closed. Asked how the \$15 million production had gone, Michael Ecker, the Austrian impresario who pulled it together, said that "artistically, it was a great success." The financial story is less clear. Ecker said that 87 percent of the seats had been sold but that corporate sponsorships, high-end sales and donations had been lower than expected.

Arthur Ochs Sulzberger,

chairman of the Metropolitan Museum of Art for 11 years, will retire from that post by early next year. Sulzberger, chairman emeritus of The New York Times Co., reaches 73, the mandatory retirement age for a trustee, in 1999 and is advancing his departure by several months to make the search for his successor concurrent with the museum's search for a new president.

TOM HORN/AGENCE FRANCE PRESSE
ROCK WEAR — A model in Tina Turner's Versace dress and Elvis Presley's biker jacket, with John Lennon's corduroy jacket and Madonna's military coat, to be auctioned at Sotheby's sale of rock memorabilia.

(take in a rock show)

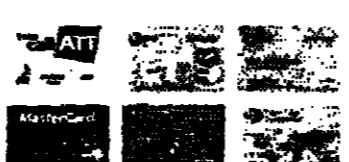
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